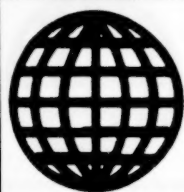


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29 June 1993



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JPRS Report

China

China

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CONTENTS

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INTERNATIONAL

NORTHEAST ASIA

- Beijing's Shift in Relations With Northeast Asia [XIANDAI GUOJI GUANXI 20 Mar] 1

POLITICAL

- Socialist Morality Does Not Include Property [ZHENLI DE ZHUIQIU 11 Mar] 4

ECONOMIC

NATIONAL AFFAIRS, POLICY

- First Quarter Market Situation Reviewed [ZHONGGUO TONGJI XINXI BAO 23 Apr] 6
Main Focuses of Attention in Economy During 1993
[ZHONGGUO TONGJI XINXI BAO 26 Apr] 7
More Overheating of Economy During 1st Quarter of 1993
[ZHONGGUO TONGJI XINXI BAO 28 Apr] 8

FINANCE, BANKING

- Financial Sector To Face GATT Challenges [JINGRONG SHIBAO 3 May] 9

TRANSPORTATION

- Domestic Air Carrier Approval Regulations Published [HANGKONG ZHISHI 6 Apr] 11

AGRICULTURE

- Guangdong Agricultural Official Comments on Agriculture [NONGMIN RIBAO 9 Apr] 14
Jiangxi Government Provides Loans for Grain Fund [NONGMIN RIBAO 11 Apr] 16
Report on Jilin's Agricultural Mechanization [ZHONGGUO NONGJIHUA BAO 17 Apr] 16
Heilongjiang Diesel Prices Too High for Peasants [NONGMIN RIBAO 23 Apr] 18
Development Brings More Decline in Cultivated Land Area
[ZHONGGUO TONGJI XINXI BAO 23 Apr] 19
Peasant-Stored Grain Stocks at All-Time High [ZHONGGUO TONGJI XINXI BAO 26 Apr] 20
GATT's Potential Impact on Farm Product Prices [ZHONGGUO TONGJI XINXI BAO 26 Apr] 21
Livestock Feed Exports Cut To Develop Meat Exports
[ZHONGGUO TONGJI XINXI BAO 26 Apr] 21

SOCIAL

- Zhang Weiguo on Fight for Journalistic Freedom [Hong Kong PAI HSING 1 Mar] 23
Li Yi on Wang Xizhe's Imprisonment [Hong Kong CHIU-SHIH NIEN-TAI 1 Mar] 25
Former Editor on Crisis Facing Intellectuals [Hong Kong CHING PAO 5 Mar] 27
MINZHU YU FAZHI Survey on Rampant Prostitution [Hong Kong KAIFANG 18 Apr] 31
Liu Zaifu Exposes Leftist Overseas Activities [Hong Kong MING PAO YUEH-KAN Apr] 34

NORTHEAST ASIA

Beijing's Shift in Relations With Northeast Asia

93CM0263A Beijing XIANDAI GUOJI GUANXI
[CONTEMPORARY INTERNATIONAL RELATIONS
in Chinese No 41, 20 Mar 93 pp 20-23]

[Article by Lu Zhongwei (7120 1813 0251): "Diplomatic
Orbits and Alignments of Northeast Asia Countries"]

[Excerpt] [passage omitted]

II

From a look at the abovementioned diplomatic trends in China, the ROK, Japan, and Russia, we see that some factors have appeared that are favorable to the peace and stability of Northeast Asia. China, a socialist country on the Asian continent with a population of 1.2 billion; Japan and the ROK, the number one and number two industrially developed countries in Asia; as well as Russia, which is rich in natural resources and which spans the continents of Europe and Asia—the relations between these countries of maintaining long-term stability in themselves will become enormous factors for peace and stability. This living in harmony by countries with different systems, as a turning point in the history of the new international order, is of major significance. Some people, still making inferences in line with the political logic of the Cold War, have new doubts and worries about the development of relations between China, the ROK, Japan, and Russia. Actually, these doubts and worries are unnecessary.

A. The so-called problem of "tripartite alliance" of China, the ROK, and Russia. Internationally, in comments by some people about the improvement of Sino-ROK-Russia diplomatic relations, there seems to be a trend for the development of a "tripartite alliance," and thus the other countries in this region are upset. Citing the two wars that occurred in this region around the end of the 19th century—the Sino-Japanese War of 1894-1895 and the Russo-Japanese War of 1904-1905—they suggest that in Northeast Asia now the history of 100 years ago is being repeated. These views, one cannot but say, leave a deep imprint of the "Cold War," but fundamentally are not in accord with the objective trend. Actually, the development of relations between China, the ROK, and Russia is not premised on discrimination against a third country. The elimination of hostility between these three countries and the establishment of relations between them can only be favorable for the peace and stability of the Northeast Asia region.

B. The "Japan question" in Sino-ROK relations. As for the so-called "joining of hands by China and the ROK to pin down Japan," after China and the ROK established diplomatic relations the strategic plan was to make Japan the "hypothetical enemy." This view was not rare in ROK and Japanese public opinion circles and intellectual circles. In ROK public opinion circles, it was mixed in with the "theory of warring against" and

"theory of pinning down" Japan, and for a time it was popular. In fact, looking forward into the nineties, we see that the strategic interests of China, Japan, and the ROK are objectively identical. All these countries need a peaceful, stable international environment. That these countries live together in harmony as well as have relations of good-natured mutual action in themselves constitute an enormous factor for peace and stability. China, Japan, and the ROK will not, and should not, ignore this larger issue. In particular, China's guiding ideology for international relations does not lie in forming strategic alliances but rather in living in friendship with all its neighboring countries, and China also makes this its long-term policy.

C. The "U.S. question" in Sino-Japanese relations, or to put it another way, the "Chinese question" in U.S.-Japanese relations. The principal meaning of this is that the depth of the development of Sino-Japanese relations is restricted by U.S.-Japanese relations and Sino-U.S. relations; if Sino-U.S. relations are not good, Sino-Japanese relations suffer a disaster. Facing the 21st century, how will the coordinates in Sino-U.S.-Japanese relations be fixed in the new international order and new Asian-Pacific order? Each country's outlook on systems, values, and human rights is really different, but the key lies in whether they cross ideological borders and establish peaceful, friendly relations. In the Cold War era, China and Japan, China and America cast aside differences in system and ideology and developed relations. In the post-Cold War era, in which each country is working for economic reform and construction, it is even more necessary, proceeding from the overall situation, to reduce friction and promote the development of the new international order in a healthy direction.

D. The "U.S.-Japanese question" in Sino-Russian relations is a question that people often pose, that is whether Sino-Russian relations will return to that of the strategic alliance of the monolithic bloc in the fifties. The new development of Sino-Russian relations has its own basis and its own conditions for maturity. In the political aspect, the guiding ideology in China's policy is the practice of the five principles of peaceful coexistence. Russia also maintains that "ideological differences should not restrain the development of bilateral relations" (Russian President Yeltsin's words). Speaking of the economic domain, the expression and deepening of China's reform and opening up to the outside world, and Russia's reform of its domestic economy system, objectively provide these two neighboring countries with many opportunities for economic cooperation. But the development of these relations will not be a case of playing a cat-and-mouse "strategic game or rejecting a third "Beijing-Moscow axis." Chinese Foreign Minister Qian Qichen [6929 0366 3819] has pointed out that Sino-Russian relations—these normal relations between states—are neither strategic nor alliance relations, but are good-neighborly friendly relations of cooperations, and there is now need, and also no possibility, of an alliance. Therefore, in the future, in Sino-Russian relations there will not appear the adversarial structure of

"China and the Soviet Union vs. America and Japan" that some people worried about in the past.

III

In a certain sense the Northeast Asia region has already entered a new period of relative political stability, and the countries involved are taking the opportunity to actively develop relations of friendship and cooperation.

However, at the same time we should also see that in this region there still exist some factors for instability. For example, in Japanese-Russian relations the territory problem is a hang-up that is difficult to resolve; Japanese-DPRK relations and U.S.-DPRK relations have not yet opened up; the talks between the two sides—North and South—on the Korean Peninsula are deadlocked; in the "post-Cold War" era, Japanese-U.S. relations are being reoriented; America is improving the grade of its arms sales to Taiwan, thereby violating the principle of the "17 August Communiqué"; etc. All this reflects the fact that the course of building and perfecting a new order in this region must be a very long, complex, and arduous journey.

Faced with the abovementioned situation, some countries suggest that the form of the Conference on Security and Cooperation (CSCE) be copied, i.e., that a multilateral security system be built in Northeast Asia. For example, the ROK has proposed the building of a "Northeast Asia Conference," in which the six countries (America, Russia, Japan, China, the ROK, and the DPRK) involved in the Korean Peninsula's security would discuss questions relating to the peninsula situation. Some research organizations in Japan have proposed the setting up of a security framework "similar to an umbrella." In a speech to the ROK parliament, the Russian president suggested "the setting up of a multilateral negotiating mechanism for the entire Asian-Pacific Region and its subregions," which would "carry out consultations on security issues in the northeastern region of Asia," and for this purpose "set up a crisis resolution system" and "set up a strategic research system," etc. It can be said that among these ideas and suggestions there are things that are not rare and that can enlighten.

However, it should be pointed out that there are special historical, cultural, political, economic, and geographical conditions behind the formation of the CSCE. In the Cold War era, in Europe there were two blocs pitted against each other and a clear division between enemies, and thus there was a definite basis for the formation of security mechanisms. By contrast, the situation in Northeast Asia is somewhat more complex. Besides the factors that people often mention—discrepancies in economic level, differences in cultural origin, disputes left over from history, and Cold War sequelae—the basic understanding by each country involved with regard to setting up regional security mechanisms is different. Therefore, to hastily set up an organization the name of which falls short of the reality is not as good as first

obtaining a common understanding on the region's political, security, and other issues, smoothing out the bilateral relations that are not yet unobstructed, and untying the closely tangled knots, so as to enliven the entire situation.

To further invigorate and stabilize the Northeast Asia political and security situations, it is necessary for the head of administration in each country to take a new look and posture that conforms to the world trend for peace and development. It should be said that, since the eighties, China has upheld the principles of independence and freedom and of peaceful coexistence; the ROK has fostered good relations between Russia and China; and Russia recently promoted "Asian-Pacific diplomacy"—all of these things being masterworks of diplomacy. The key to the stability of Northeast Asia's situation and the formation of a new order is to uphold non-contention, mutual trust, development of cooperation, and pluralistic coexistence. This is the main course facing the diplomatic relations between the Northeast Asian countries in the 21st century, and a deviation from this course will certainly cause instability in the regional situation. Specifically speaking, there are the following aspects: First, they should propose peace and dialogue, and actively work for the building of systems for dialogue. Each involved country not only must be good at dealing with its own situation, but also must be good at dealing with others, and should, with regard to "hot point" disputes, mediate for peace between the two sides. Second, in the political, security, and economic fields, they should propose pluralistic coexistence, create a climate in which countries with different social systems and different stages of development live in harmony, and promote the development of the region's new order in a healthy direction. Third, they should deepen regional economic cooperation, and through cooperation between the Bo Hai [Sea], Huang Hai [Sea], and Sea of Japan local economic groups, make the entire Northeast Asia region become a new engine for world economic growth and a solid foundation for stability of the regional situation.

IV

From a look at the orbit of diplomatic movement in each country of Northeast Asia and its existing problems in contacts, and the line it should follow with regard to them, we see that the future diplomacy of the main countries of Northeast Asia will show the following tendencies:

ROK: Because the "northern diplomacy" has already proved effective, in order to eliminate the feeling that attending to "the north" means losing "the west," the ROK will increase the diplomatic frequency between it and the United States and Japan, and will establish relations of four-sided balance between the U.S., Japan, Russia, and China. On the one hand, for an overall balanced stability in its diplomatic posture and for the raising of the country's security coefficient, the ROK will certainly stress the "base axle" position of ROK-U.S.

relations in its diplomacy, and the role of ROK-Japanese relations as a pillar of security—this is “half the sky” in the ROK’s foreign relations. On the other hand, gradually strengthening the diplomatic dynamic toward Russia and China, and upgrading ROK-Russian, ROK-Chinese relations so that they are not inferior to the relations between the ROK on the one hand and the U.S. and Japan on the other, will give the ROK a greater room for maneuver in its diplomacy.

Russia: The opening of the curtain on “eastern diplomacy,” which on the surface “lays equal stress on East and West,” in essence was a case of replacing idealism with a realism “that makes the country’s interests supreme.” If it is said that, in its overall diplomatic posture, Russia uses “eastern diplomacy” to balance “western diplomacy,” then the trend of Russia’s “eastern diplomacy” is toward doing two things: on the one hand, to protect Russia’s political position and economic interests in Asia and the Pacific; on the other hand, to repair Russo-DPRK relations and untie the knot in Russo-Japanese relations. One of the main developments to look for is to see whether President Yeltsin on invitation attends the seven-nation summit to be held in Tokyo this year, and goes on, with this as the turning point, to raise the temperature in Russo-Japanese relations.

Japan: the dynamics of “great-power diplomacy” will be stepped up; Japan, in international relations, will move from a “spectator’s seat” to the stage, and launch a “quiet diplomatic revolution” and inject new “political” content into its diplomacy: By, along with the countries involved in Northeast Asia, eliminating the old debts of history, initiating dialogue on security, putting together a security system, expanding its “international contributions,” etc., Japan in the end will establish with the Northeast Asian countries relations similar to those of Germany

and France in the EC. From a look at bilateral relations, we see that Japan still considers Japanese-U.S. relations its “base axle” and Sino-Japanese relations a support. With regard to Russo-Japanese relations, which have reached an impasse, Japan will insist on the practice of “first slow down, second look, and third cross,” i.e., slowing down on a large scale; then looking to see what Russia’s internal situation is like, what the pace of its economic reform is, and whether its stance on the territorial issue has become flexible; and after a breakthrough in the abovementioned issues, it will sign a peace treaty with Russia and upgrade bilateral relations with it.

China’s diplomacy: the range of its “peace diplomacy” will be widened, on the one hand, as it will, as always, make the five principles of peaceful coexistence its basis, and develop relations with peripheral countries; on the other hand, China will vigorously initiate and carry out the formation of a new order for pluralistic coexistence. In its relations with America, China will, on the basis of the three Sino-U.S. joint communiques, develop cooperation with the new Clinton administration, reduce troublesome points in bilateral relations, and explore extant problems on the basis of reason, and go on to obtain an improvement in bilateral relations. With regard to relations with Japan, the leap forward in Sino-Japanese economic and trade relations has strengthened the basis for basis for bilateral relations. In view of Japan’s important position in China’s foreign policy and the two countries’ holding of the balance in the stability of the Northeast Asia situation, China will vigorously promote the development of relations between it and Japan, so that these relations go up another step. There will also be a fairly large potential for development of Sino-Russian and Sino-ROK relations.

Socialist Morality Does Not Include Property

93CM0274A Beijing ZHENLI DE ZHUIQIU
[PURSUIT OF TRUTH] in Chinese No 3,
11 Mar 93 pp 24-27

[Article by Song Xiren (1345 1585 0088): "Can the (Right To) Have (Own) Property Stand Side by Side With the Other Four Haves?"]

[Text] It is reported that some enterprises are now proposing that their employees strive to be "employees with five haves," to become "new people with five haves." These so-called "five haves" are the "four haves" of "having ideals, morality, culture, and discipline," to which is added the (right to) "own property." This (right to) "own property" certainly does not refer to high-income and high-class people owning private real estate, but rather to enterprise employees buying (and owning) shares, to become enterprise shareholders once enterprises convert to shareholding. If it is said that this terminology is merely commercial-ad publicity to encourage employees to buy shares, in order to expand stock markets and fund sources, so be it, but if the (right to) "own property" is juxtaposed with the "four haves" as a condition for advanced employees, or even as an extension of "new thinking," then it merits reconsideration.

The crux of the matter does not lie in whether it is "four haves" or "five haves," or even "six haves," but rather in the substance of these haves and their value orientation. It is well-known that the "four haves" were proposed to meet the needs of socialist modernization, being a spiritual-civilization demand of China's people, particularly our youth. At the end of 1980, in a directive on intensifying ideological and political indoctrination, Comrade Deng Xiaoping pointed out the need to ensure that China's youth become people who "have ideals, morality, knowledge, and physical strength," by making them "cultivate the good habits of observance of discipline, politeness of speech, and defense of the public interest." Then in October 1983, he again emphasized that ideological and political indoctrination needed to encourage all Chinese people to "actively strive and struggle upward, in order to become valiant warriors in the great and glorious cause of socialist modernization with genuine ideals, morality, culture, and discipline." In March 1985, when stressing the need to develop a better socialist spiritual civilization, Comrade Deng Xiaoping went on to concisely sum up these needs as a future continuous proposal of the "four haves," i.e., "having ideals, morality, culture, and discipline," reemphasizing that the most important of these four were "ideals and discipline." This generalization was comprehensive, scientific, and imbued with distinct Chinese cultural characteristics. In substance, it summed up our society's spiritual world, moral state, cultural quality, and ethical order, driving to all areas of individual ideals, character, talent, and actions. It was the desired quality and condition of spiritual civilization for developers of socialist modernization. But it obviously did not

include the need for tangible or intangible assets (property). The "owning of property" or shares per se certainly does not show or reflect an individual's spiritual civilization or moral quality. This is because property or shares are a means that can be used for either good or evil, so that their varying impact undoubtedly involves the individual spiritual-civilization state, and the individual character and intention driving it.

Comrade Jiang Zemin pointed out in his report to the 14th CPC Congress the need to "make ideals, morality, culture, and discipline our aims in developing the socialist spiritual civilization." In other words, the "four haves" are universal and comprehensive needs recommended for all Chinese people, particularly our youth. The basic aim is to use indoctrination in the "four haves" to enhance the individual patriotic, collectivist, and socialist spirit, in order to create developers of the cause of socialist modernization with both ability and political integrity. But the "owning of property" or "shares" is something that only employees of some shareholding enterprises and some citizens can achieve, being impossible for the majority, not to speak of our youth. So demanding that "property ownership" stand side by side with the "four haves" not only obscures the nature of the development of a spiritual civilization, but also improperly expands a simply particular and partial need to a general and overall one. In the sense of "teaching the people to become wealthy," the essential spirit of the "four haves" is to accelerate modernization and economic development so as to enable all Chinese people to get wealthy together, not simply a few individuals. And the social aim of our encouraging some to use their own labor and the right means to get wealthy first is also to more quickly and better spur and help others to become wealthy together. An objective need for developing a spiritual civilization and a value orientation for ideological indoctrination must absolutely not be allowed to be used to obscure our essential direction and objective of all getting rich together, which would be letting things drift, be bound to cause social polarization, and would obviate socialist modernization and spiritual civilization development. In fact, shares as intangible assets in individual hands can either appreciate along with enterprise economic growth or depreciate along with enterprise operating losses, even leaving the possibility of shareholders going bankrupt along with their enterprises, meaning that owning such "property" is certainly not a sure road to wealth.

Shareholding is a positive step in the development of a socialist market economy. But while it plays positive roles in promoting socio-economic development, such as raising public funds, attracting and converting consumption funds into production and construction funds, bringing about a rational disposition of production essentials, and optimizing the makeup of public resources, the negative and destructive impact in share (stock) trading of profiteering, particularly vicious profiteering, can also not be ignored.

China's current stock-trading form is still mainly spot transaction (over-the-counter trading). While the major aim of stock purchasers in such transactions is generally to earn interest or bonuses through investment, such highly investment-oriented stock trading makes adulteration with profiteering activities hard to avoid. So-called "profiteering" is reaping exorbitant individual profits through seizing certain opportunities. In fact, as long as stock trading exists, it will lure some into a profiteering mentality and motivation, with profiteering being unavoidable and, as Marx said, even inevitably "leading to a whole set of speculative and fraudulent actions, which turns into "exchange gambling." As to the developed forms of stock trading of futures and future-rights trading, they may speed up stock market development, but they also provide greater opportunities for profiteering. In stock markets, some use stock trading as the means to achieve the end of reaping profits from stock-price volatility. If people get caught up in the vicious cycle of "prices rising again and again," in which some purposely defraud potential buyers by conducting business based on rumor, this leads to vicious profiteering. This is extremely adverse to individual shareholders, enterprise collectives, and the state. In this sense, stock speculation implies actions of an unethical character. As the development of a socialist spiritual civilization means understanding this clearly, in order to resist speculation, particularly vicious profiteering, involved in such activity, talking in sweeping terms about the (right to) "own property," and calling for employees to become "employees with five haves," can only be said to be an attempt to blur the essence of the matter.

Of course, curbing speculation, particularly vicious profiteering, certainly is not and cannot mean doing away with shareholding, which would be unrealistic. But we must utilize this economic medium from the overall perspective of the development of a socialist market economy. As macroeconomically, shareholders sell shares when enterprise profits drop and buy shares in enterprises with good economic efficiency and rising share prices, which promotes a rational disposition of production essentials and public resources, as well as contributing to economic growth, stock trading is objectively favorable to socio-economic development, and is also in line with the basic interests of socialist modernization in the long run. But as to individual behavior, this is a typical example of rational egoism that is "subjective for the self, but objective for others." While such behavior in a commodity economy or market transactions is "an inevitable reality" (according to Marx) or "an unconscious inevitability" (according to Hegel), its subjective "for the self (selfish)" behavioral motivation and aims remain as Hegel said "premised on the possibility of evil," in that they can be used for either good or evil. So from the principle of a moral evaluation of the unity of motivations and results, we should obviously not abstractly and generally propose the (right

to) "own property," and even less so extend it to stand side by side with "new thinking" and the "four haves."

Another point that might be mentioned in passing is that in the history of either Chinese or foreign civilizations, the definitions of spiritual civilization, cultivation of social talent, or demands for civil societies, never include property or assets (capital) in spiritual civilization. The traditional classical Chinese Confucian emphasis on "ethics before profit" certainly does not mean that people of that time did not pay attention to wealth or material interests, but rather that they emphasized thought and intention in the spiritual realm and cultivation of human character. So Mencius emphasized that the road to becoming a great person required "a larger perspective," i.e. establishing the mental spirit and adhering to the principle of benevolence and righteousness, instead of "the smaller outlook" of yielding to the allure of and becoming a slave to material desire. The Han Dynasty *Classic of Loyalty* emphasized that public administrators must follow the public will, and that "helping the people to become wealthy" meant first "believing sincerely in benevolence and righteousness" to "steady the mind," along with providing "guidance in ceremony," "publicity of virtue," and "clarity of law" to expand their socialization. This experience still merits attention. In the age of classical Greek slavery, while property was naturally the determining factor in individual status, the social civilization and individual morality of the time did not include property, with many thinkers and statesmen criticizing the inclusion of wealth in spiritual civilization as a philistine concept or doctrine. Aristotle regarded a suitable amount of property as an external factor in individual well-being, while always emphasizing that individual character lay not in property, but rather in reason, and in good behavior and customs in line with rational principles. He noted that wealth was not the aim of human existence, but was useful only as a means to achieve ends, and that only through using property to good ends could humans become citizens with good character. Even in the modern age, when the wealth of capitalist societies has sharply expanded and stock property has reached astonishing proportions, bourgeois thinkers and public administrators certainly do not advocate property as a condition or criteria for enterprise employees or citizenship. Why is this? It is because they realize that money and property do not create character, but rather are likely to destroy it. The contemporary Western economist and author of *Individualism and Economic Order*, Huryeker, also notes that the extreme individualism and egoistic actions constantly created in the hotbed of widespread individualism and egoism "have left well-aspiring people in despair about the possibility of striving for order in natural society." So in our socialist system that is devoted to developing the socialist spiritual civilization, creating new socialist enterprises, and cultivating successors to the cause of socialism, why must we add this (right to) "own property" to the "four haves" criteria that are very clear to all Chinese people?

NATIONAL AFFAIRS, POLICY

First Quarter Market Situation Reviewed

93CE0604C Beijing ZHONGGUO TONGJI XINXI
BAO in Chinese 23 Apr 93 p 1

[Article by Yan Xianpu (0917 0341 3302): "A Look at China's Markets During the First Quarter"]

[Text] Statistics show that domestic markets have continued last year's growth momentum during the first quarter of 1993. Supplies of consumer goods are plentiful, and sales are brisk. However, city and countryside markets contrast fairly sharply, and factors that might cause market instability cannot be ignored.

Steady market growth, no slack season occurring. Retail commodity sales during the first quarter totaled 309 billion yuan, up 16.2 percent from the same period in 1992 for maintenance of the steady growth momentum of 1992. Month by month, growth during January and February was 15 percent, and 18.5 percent in March showing virtually no change at all from growth during the busy lunar New Year season.

Ample sources of commodities; supplies plentiful. High speed industrial growth, and consecutive year bumper harvests provided plentiful sources of supply of commodities for booming city and countryside markets and to satisfy the daily needs of inhabitants. First quarter social and business commodity purchases increased 10.7 percent over the same period in 1992, including a 5.4 percent rise in agricultural and sideline products, and a 19.7 percent increase in industrial goods. Supplies of grain, edible oil, vegetables, and main nonstaple foods and industrial goods were plentiful. A former Ministry of Commerce ranking of supply an demand for 731 different major commodities during the first half of 1993 showed supply and demand virtually equal for 400, or 54.7 percent, of the commodities ranked. This was a 0.3 percentage point increase over the ranking for the second half of 1992. Supply exceeded demand for 257, or 35.1 percent, of the commodities ranked for a 1 percentage point increase. Supply did not meet demand for 74 commodities or 10.2 percent for a 1.3 percentage point decrease.

Consumer goods market sales were brisk, the quality of consumption rising markedly. First quarter consumer goods retail sales totaled 281.2 billion yuan, up 17.4 percent over the same period in 1992. This included residents' consumer retail sales of 250.8 billion yuan, up 16.3 percent. Market sales showed a marked trend toward higher quality in consumption. Some well-known, premium, special, and new commodities that have a good reputation and are of high quality sold well. Sales of foodstuffs and social and commercial aquatic products were 15.9 percent higher than during the same period in 1992. Clothing sales were consistently brisk. During the first quarter, businesses sold 230 million pieces of clothing, up 18.1 percent from the same period in 1992. Changes in foreign exchange rates and delay in

GATT restoration caused a rush to buy commodities used in daily life. For some imported household electrical appliances, shortages occurred and prices rose, or sales were halted when supplies ran out. Camera sales increased 18.5 percent over the same period in 1992, electric fan sales increased 19.8 percent, washing machine sales increased 8.1 percent, and refrigerator sales increased 10.3 percent. However, because of the shortage of imports, sales of color television sets and video cassette players fell 18.1 and 24 percent respectively from the same period in 1992. In addition, sales of cosmetics, gold and silver jewelry, enamelware, and body building items were extremely good.

Group consumption rose continuously showing a strong growth momentum. During 1993, the purchasing power of social groups continued high speed growth from a fairly high 1992 base figure. First quarter social group commodity retail sales totaled 30.5 billion yuan, up 27.1 percent from the same period in 1992, and 10.8 percentage points higher than the residents' consumer goods retail sales figure. The ultra high speed growth of group consumption caused a 2.7 percentage point increase in retail sales of consumer goods nationwide. Reports from all over state that purchase coupons became a major market hot spot during the first two months. It became extremely commonplace for some units to use public funds to buy all kinds of purchase coupons and gift coupons for issue to staff members and workers. This occurred in virtually every big and medium-sized city in the country, and applied to a wide range and a large amount of goods. The purchase coupons that some markets sold amounted to between 30 and 60 percent of retail sales for the same period. They became a main reason for the market boom, and it produced continued high speed growth in the purchasing power of social groups.

Analysis of the State Statistical Bureau units concerned shows that problems of a structural nature continue prominent in markets despite the overall steady growth of domestic markets during the first quarter. This is manifested in greater imbalance between one region and another in market growth. Also, there is a widening of the difference in growth speed among business under different forms of ownership. During 1993, nongovernment owned business enterprise commodity retail sales continued high speed increase, retail sales in the joint venture and individually owned economies increasing 62.1 and 21.9 percent respectively. Nongovernment owned business retail concerns accounted for nearly 60 percent of all the increase in retail sales, while the retail sales volume of state-owned businesses continued steady growth. State-business retail enterprise retail sales totaled 130.1 billion yuan during the first quarter, up 14.9 percent over the same period in 1992. Third was a substantial contrast between city and countryside markets. First quarter consumer goods sales in cities totaled 164.8 billion yuan, up 24.7 percent from the same period in 1992, but rural market development was extremely slow and not in keeping with overall growth of the

national economy. Consumer goods retail sales at the county level and below totaled 116.4 billion yuan, only 8.4 percent more than during the same period in 1992. After deducting for price rises, the actual increase in consumer goods sales was minuscule. The difference in increase between cities and the countryside amounted to 16.3 percentage points, the greatest seasonal increase difference during the past several years.

An analysis by persons concerned notes that 1993 first quarter market operation suggests that the market remains normal, but that problems that have appeared in markets offer cause for concern. First, close attention must be given to rural markets. Peasant income must be increased and peasant burdens lightened to stimulate rural markets in a fundamental way. Second, attention must be paid to newspaper and public opinion reports about GATT restoration so as to guide consumption correctly.

Main Focuses of Attention in Economy During 1993

93CE0604B Beijing ZHONGGUO TONGJI XINXI
BAO in Chinese 26 Apr 93 p 2

[Unattributed article: "Experts Forecast the Country's Economic Hot Spots This Year"]

[Text] A few days ago economic experts in units concerned analyzed and forecast possible economic hot spots in the country during 1993. The experts believe that 10 main hot spots will appear in China this year:

1. The intensification of system reform will become a major hot spot during 1993. The key element in system reform is reform of the enterprise operating mechanism. This will be manifested in three regards: First is changes in the structure of enterprise ownership, the number of enterprises owned by the whole people declining markedly while the number of collectively owned share system enterprises, three kinds of partially or wholly foreign-owned enterprises, and individually owned enterprises increases substantially. Second, enterprises will enjoy greater autonomy in their operation. Third, is a diversification in the way in which enterprises are organized and operate. The main elements in enterprise reform will continue to be clarification of equity rights control and separation of government administration and enterprise management.

2. More enterprises to face bankruptcy and merger. Many enterprises lost money in 1992, and this year's inauguration of special price adjustments in the social security system will increase enterprises' burdens. The number of enterprises whose liabilities exceed their assets will increase.

3. the share system will continue to be an economic hot spot. The general issuance of shares will be halted (a 5 billion yuan quota set for the whole country). As a result, shares will be used mainly to raise funds for a specific purpose.

4. Inflationary pressures not to be ignored. There are two views about this. 1) One view maintains that prices will rise greatly in 1993, the reasons being the profit rate on capital in enterprises owned by the whole people within budget is lower than the bank interest rate, enterprises thus having an inherent need to raise prices. Energy and raw materials shortages and the rise in prices will be reflected in the production and sale of consumer goods. Thus, macroeconomically, it will be difficult to curb inflation. 2) Some experts believe that this year's latent inflationary pressures will not be translated into an excessive rise in prices. They base their belief on the fairly stable agricultural production in 1992, consumer expectations that price rises will be relatively low, and consequent limited market consumption demand.

5. Possible increase in social benefit frictions. During 1993, the intensity of reform will increase markedly. More enterprise bankruptcies may occur, the ranks of the unemployed may increase, and the gap between income levels may widen further. On top of this, anticipated inflationary pressures and the delegation of authority may give rise to new social benefit frictions, which may become a major hot spot in 1993.

6. The craze to become rich by operating a business will envelop the whole country. People realize that "iron rice bowls" will be smashed and the income gap will widen during the 1990's; consequently, an unprecedented desire to become rich has occurred. People not only flock toward get-rich schemes such as stock speculation, but also surge into every niche where they might increase their personal wealth.

7. Great acceleration of the flow of staff members and workers. New ideas, a search for higher pay, enterprise bankruptcy pressures, and especially the inauguration of social security measures such as retirement insurance, as well as the great weakening of the superiority of enterprises under ownership of the whole people in providing security will lead to a major movement of staff members and workers in entrepreneurial units and government units, and awareness of their ability to move will also grow among staff members and workers on the job.

8. Intense market craze. Trading markets of all kinds will be founded one after another.

9. Real estate will continue to be a hot spot over the long term, but prices may take a downturn during 1993 in a shake out.

10. Increasingly intense competition in banking. The specialized banks will turn into commercial banks, and the number of enterprise banks, joint venture banks, and foreign-owned banks will also increase.

More Overheating of Economy During 1st Quarter of 1993

93CE0604A Beijing ZHONGGUO TONGJI XINXI
BAO in Chinese 28 Apr 93 p 1

[Article by Analysis Office, Composite Department, State Statistical Bureau: "'Red Light' Is on for Operation of the Economy; No Relaxation of Macroeconomic Regulation and Control Permitted"]

[Text] Macroeconomic monitoring shows that during the first quarter of 1993 the national economy continued its high speed growth following the high speed growth of 1992. Driven by both investment and the issuance of currency, economic performance was strong. Twelve economic performance monitoring indicators showed a "red light" for six, a "yellow light" for two, a "green light" for three, and a "shallow basket" for one. The overall mark for economic prosperity rose to 49 from the 47.7 of the fourth quarter of 1992. This is in the "red light" zone, i.e., the "overheating" zone, which is a cause for serious concern.

Inflation of investment and currency issuance powered the sustained high speed increase in industrial production. Industrial production overheated markedly, all industrial indicators showing a red light.

During the first quarter of 1993, industrial production continued high speed growth. The gross output value of township level and above industrial enterprises throughout the country increased 22.4 percent over the same period in 1992. This was one of the highest quarterly growths for the same period since reform and opening to the outside world. It was characterized in three main ways within industry overall. First, heavy industry continued to grow markedly faster than light industry. During the first quarter of 1993, heavy industry grew 26.3 percent faster than during the same period in 1992, and 8 percentage points faster than light industry. Second, enterprises in the nongovernment owned economy grew faster than those in the state-owned economy. During the first quarter, collective enterprises grew 42.4 percent faster than during the same period in 1992, and other economic forms [presumably the private and individually owned economies] saw a 63.6 percent increase, while state-owned enterprises grew only 8.7 percent. Third, production and sales of industrial goods were fairly well matched. Sales income of independently accounting industrial enterprises increased 28.8 percent over the same period in 1992. Speed of growth was 6.4 percentage points higher than during the same period in 1992, and the economic boom light turned to yellow from the green of February 1993. The number of days supply of marketable products was 7.1 days less than during the same period in 1992. Sales of industrial goods, particularly of investment goods, were brisk. Returns from industry showed a turn for the better.

Since June 1991 when the red light flashed for capital construction owned by the whole people, investment

demand has continued to expand remaining in a red light state throughout 1992. Other kinds of investment, investment in renovation and technical transformation, and investment in commercial housing also expanded rapidly. State-owned unit investment in fixed assets increased 70.7 percent during the first quarter of the year exhibiting high speed growth. The powerful growth momentum and the duration of investment have given powerful thrust to industrial production. Macroeconomic monitoring results show that investment in capital construction under ownership of the whole people has been in the overheating zone for a long period of time.

Five of the monetary indicators in the macroeconomic indicator monitoring system show continuation of the "shallow basket" of the fourth quarter of 1992 for all but industrial credit, which was relatively flat for various reasons. For other indicators such as amount of money in circulation, money in the narrow sense (M1), and bank cash payments, as well as national wages and other payments to individuals, the red light was on again following the red light of the third and fourth quarters of 1992. As of the end of March, the amount of money in circulation had increased 46.2 percent over the same month in 1992, and bank cash outlays during March increased 93.5 percent over the same period in 1992.

Domestic markets were basically stable, prices rose, major means of production tended to be in short supply, and inflationary pressures increased.

Since the beginning of the year, the basic supply greater than demand pattern continued in domestic consumer goods markets. During the first quarter, commodity retail sales totaled 308.95 billion yuan in a 16.2 percent increase over the same period in 1992. During the first quarter, this indicator was mostly in the "green line zone"; thus net purchases of domestic market commodities stayed in the "green light zone" throughout. Market purchases and sales were basically even, and retail prices rose markedly over the same period in 1992, but the monthly chain [yue huanbi 2588 3883 3024] was basically stable, continuously operating in the "green light zone." The substantial rise in urban prices was noteworthy. Prices during the first quarter of 1993 rose another 15.7 percent following the 10.9 percent rise in the cost of living of staff members and workers in 35 large and medium size cities during 1992. An examination of the regional make-up of domestic markets shows an intensification of the imbalance between cities and the countryside and between one region and another in the development of markets. First quarter urban consumer goods retail sales increased 24.7 percent, but at the county level and below, they increased only 8.4 percent for a widening of the gap development gap between cities and the countryside. In addition, retail sales volume in eastern coastal regions was everywhere greater than in the central and western regions for an intensification of uneven regional development.

As a result of the rapid inflation of investment demand, the high speed development of industrial production, and the expansion of investment and demand for energy and raw and processed materials, means of production generally tended to be in short supply everywhere, the negative variance rate increasing from the 3.3 percent of the end of 1992 to 4.3 percent. Inventories of principal materials fell, and prices rose substantially. First quarter prices of the means of production rose 38.2 percent over the same period in 1992.

Shortages and bottlenecks increased in basic industries.

Since the beginning of 1993, bottlenecks have further increased along with investment inflation and the irrational pattern of investment as well as the high speed growth of industrial production. On the one hand, the transportation shortage became worse, the railroads being able to satisfy only approximately 60 percent of demand, the amount of goods accumulating in inventory while awaiting transportation increasing as a result. As a result of the increase in passenger volume during the first quarter of the year, freight turnover amounted to only 592.1 billion ton kilometers, down 0.9 percent from the same period in 1992. The transportation shortage damaged normal industrial production. On the other hand, the conflict between energy and raw materials supply and demand intensified, prices rising everywhere.

After several months of high speed growth in the wake of three years of improving the economic environment and rectifying the economic order, in 1993 the national economy entered a critical year of cyclical economic fluctuations. Today factors such as relatively high currency issuance and the inflation of investment demand still exist. This, plus the inertial role of economic development means that the national economy will continue to operate in the "red light zone" in 1993. However, the high speed growth that has taken place since 1992 has substantially cleared away the inventories that accumulated in inventory during the three years of improving the economic environment and rectifying the economic order. Restraints on basic industries have increased, and all economic relationships tend to be strained. The difficulty maintaining high speed growth during 1993 has increased. Macroeconomic monitoring, and macroeconomic regulation and control cannot be relaxed. The slightest misstep, and the economy will rapidly slip into a trough to take the same old disastrous road of large scale ups and downs. Right now more fine tuning to lower the temperature should be done in both the investment and monetary fields so that the overall operation of the economy will gradually come to get out of the yellow and into the green operating zone to attain the goal of sustained, high speed, and coordinated economic development. Thus, greater control over how funds are invested, strict control of the scale of investment, proper increase in bank savings deposit interest rates, accelerated reform of the financial system, and strict control of currency issuance are recommended.

FINANCE, BANKING

Financial Sector To Face GATT Challenges

93CE0520B Beijing JINGRONG SHIBAO in Chinese
3 May 93 p 3

[Article by staff reporters Li Jisheng and Tang Xiong: "In the Face of the Challenges Presented by the Restoration, What Should the Financial Sector Do?—Roundup of the High-Level GATT and Shanghai's Financial Development' Symposium"]

[Text] As the negotiations on the restoration of China's signatory state status in the GATT (the "restoration" for short; the same below) at the request of China are proceeding smoothly, what impact the "restoration" will have on the Chinese economy and what policies we should adopt to deal with it have become questions arousing growing attention from all sectors of the economy. Thus, the question of what the financial sector should do in the face of the challenges presented by the "restoration" became the main topic of discussion at the high-level "GATT and Shanghai's Financial Development" symposium held in Shanghai recently.

About a hundred experts and scholars from the financial and theoretical circles in Shanghai agree that the financial industry of China faces serious challenges because China has not yet satisfied the requirements of the GATT in such areas as the financial system, funds management, interest rate management and financial legislation, and has a long way to go with regard to such matters as the structure of financial assets, the efficiency and quality of financial services, the provision of financial service goods, and modernized competition awareness, in order to cope with the "restoration."

How To View the Challenges Presented by the "Restoration"

According to Mao Yingliang, president of the Shanghai Branch of the People's Bank of China, the "restoration" will disturb and affect China's financial industry in two ways: On the one hand, the financial industry has to open up to the outside world; this will not only involve how the financial sector itself should develop—in the face of the legal system of the GATT—so as to adapt to that system by carrying out operation and management according to standardized international practices and by handling relations with other signatory states under the guidance of the legal system, but also involve the disturbance originating from the flows of capital and resources and the challenge presented by such disturbance. On the other hand, the liberalization and internationalization of trade also demands that the financial industry provides all-dimensional, multifunctional services in accordance with the needs of market economy.

According to Zhang Enzhao, president of the Shanghai Branch of the People's Construction Bank of China, China's financial system still retains traces of the system functioning in a planned economy: the provision of

day-to-day loans by firms to each other is hampered by vertical and horizontal barriers; the commercial paper markets are underdeveloped; the securities markets are not standardized; the foreign exchange markets are not open enough; and, especially, financial legislation is seriously inadequate. Only by changing those situations, would it be possible to effectively diminish and prevent the "restoration"-related disturbance in our financial industry.

According to Zhou Zhishi, deputy president of the Shanghai Branch of the People's Bank of China, the "restoration" will have both positive and negative impact on China's financial industry. The positive impact lies in contributing to the further opening to the outside world, to the introduction of foreign financial institutions, to acquiring large numbers of overseas customers directly or indirectly, to the further introduction of advanced management models, technologies and equipments, and business practices; as far as the negative impact is concerned, the domestic financial institutions will be in a disadvantageous position in competition because they are incapable of carrying out vigorous self-development.

The senior economist Shi Wanjun, general manager of the department of international business of the Shanghai Branch of the People's Construction Bank of China, discussed the impact of the "restoration" on China's financial system. According to him, obviously, the current practice of allocating bank-credit funds mainly in accordance with plans will not be adequate to meeting market needs after the "restoration." To carry out asset-liability management, it would first be necessary to solve the problem of turning banks into enterprises. It is necessary not to continue to conduct operations in the manner in which the public institutions conduct their operations. It is necessary to define banks' business operations and policy-related operations and separate business operations from policy-related operations.

Discussing the impact of the "restoration" on China's financial service industry, Wang Yuping, director of the office of GATT studies of the Institute of Foreign Economic Relations and Trade of the Shanghai Foreign Trade Institute, said: The direct impact of the "restoration" on China's financial industry lies in the occurrence of the direct competition between foreign financial-service institutions and China's financial industry; for example, foreign institutions will be allowed to engage in RMB yuan lending business, and the scope of foreign-currency settlement business will be expanded, while foreign institutions will also enter other domestic financial markets (such as foreign-exchange swap and stock markets and the markets providing long- and short-term financing). This expansion of the scope of business will doubtless present a challenge to the financial service industry long under state monopoly. In terms of the indirect impact, the impact of the "restoration" on enterprises will inevitably cause disturbance in the financial industry.

Li Dingan, deputy director of the general office of the Shanghai Branch of the People's Bank of China, discussed the impact of the "restoration" on China's foreign exchange system. According to him, the "restoration" will have a positive effect on the flow of foreign exchanges in China. First, the "restoration" will present challenges to the existing system of foreign-exchange regulation, including challenges to the existing system governing the use of foreign exchanges, to dual exchange rates, and to the system of foreign-exchange control, as well as the challenge presented by the task of introducing RMB convertibility. Second, the "restoration" will also provide the opportunity to develop foreign-exchange trading markets; the development of foreign trade provides the basis for the development of foreign-exchange trading markets, and the introduction of foreign financial institutions provides the opportunity to develop foreign-exchange trading markets; the commercialization and internationalization of domestic financial institutions creates conditions for developing foreign-exchange trading markets, and the provision of new financial services also provides means and instruments for the development of foreign-exchange trading markets.

The symposium proceeded in a very enthusiastic manner. According to the experts and scholars, to the financial industry, the "restoration" will present both challenges and opportunities. It is a strategic decision made for the purpose of having China's economy climb another step. We must study the issue in a profound manner and be prudent in making decisions; we must face up to the challenges, seize the opportunities, and carefully analyze both the positive and negative sides of the issues involved in the process of the strategic transition, making timely moves to develop domestic financial markets and explore the international financial markets, thereby promoting the diversification and internationalization of the Chinese economy.

How To Face Up to the Challenges Presented by the "Restoration"

The renowned scholar Chen Biaoru, professor at the Institute of International Finance of East China Normal University, discussed the relationship between the "restoration" and the reform of China's foreign exchange system. According to him, under the principle of the liberalization of "market access" and "trade in services" as enunciated by the Uruguay round agreement, China should—with regard to its foreign-exchange swap markets—further enlarge the scope of trading, eliminate regional barriers, perfect the laws and regulations on the markets, form a unified, standardized, open national market, and then have that market linked up with the international foreign-exchange market, thereby completely opening up the unified foreign-exchange market. It is necessary to make sure that with the approval of the Foreign Exchange Administration, all units and individuals are able to engage in free trading in foreign exchanges on the foreign exchange market; that the exchange rates are determined by the situation of supply

and demand on the foreign exchange market; and that the foreign exchange market has no foreign exchange brokers or foreign exchange traders, but is centered around the operation of designated banks. Only in this way would it be possible to establish a foreign exchange market which is truly under macrolevel control.

According to Professor Wang Yaotian, director of the Center for GATT Studies of Shanghai, the "restoration" will greatly affect the reform. We must introduce competition mechanisms, appropriately open up the goods, service, banking, and insurance markets, and appropriately relax the control over the granting of permission to engage in export activities. To that end, he made the following suggestions: It is necessary to speed up the process of currency liberalization; the central bank should have the law-based authority to independently decide to issue currency, thereby providing a stable monetary policy for the reform; establish an import-export bank as soon as possible, and further relax the control over the granting of the permission to engage in export activities; adopt an integrated financial, trade, and investment strategy; gradually abolish the fiscal contract system, and introduce the practice of separating profits from taxes.

Zhou Hanrong, chairman of the Department of International Economics of the Shanghai Foreign Trade Institute, discussed the issue of the direction of the reforms of the foreign trade and financial systems of China and the issue of the direction of the use of foreign investment as well as China's integrated development policy involving investment, finance and trade. According to him, it is necessary to settle on a policy of moving toward a system of uniform, floating exchange rates, toward RMB convertibility, and toward allowing the RMB yuan to be taken abroad; to let interest rates float freely, to liberalize the banking business, to allow the establishment of privately owned banks, to liberalize trading in foreign exchanges, and to have foreign-exchange trading linked up with activities on the international financial market.

According to Chen Weishu, deputy president of the Pudong Development Bank of Shanghai, after the "restoration," it will be urgently necessary to change China's existing industrial structure. The financial sector should provide cooperation in the process of such a change. The main task is to vigorously cultivate and develop the capital market. This market is composed of the stock, bond, and long-term bank-credit markets, and the basic target should be to form an effective enterprise market, promoting the reform of the enterprise system through having enterprises conduct trading and exchanges. To that end, the following was suggested: Create a group of institutional investors; allow specialized banks to engage in securities business in accordance with the market principles, so as to promote the adjustment of the industrial structure; adopt a standardized practice to be followed by banks in conducting direct investment; develop industrial conglomerates, which are backed by financial

conglomerates and which will have Chinese characteristics; and combine the spreading of the joint stock system with the adjustment of the industrial structure.

At the symposium, the experts and scholars also carried out extensive discussions on the state of development of Shanghai's financial industry and the problems encountered in the development, suggested policies on achieving integrated development across the areas of investment, finance and trade in Shanghai as well as measures on turning Shanghai into an international financial center, and proposed a direction in which Shanghai's securities and insurance markets should develop as well as related policies.

TRANSPORTATION

Domestic Air Carrier Approval Regulations Published

93CE0516A Beijing HANGKONG ZHISHI
[AEROSPACE KNOWLEDGE] in Chinese
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[Unattributed article: "Detailed Rules and Regulations on Basic Examination and Approval Terms and Procedures for the Operation of Air Carrier Enterprises"]

[Text] Based on the "State Council Interim Regulations on Examination and Approval Jurisdiction for the Operation of Civil Air Carrier Enterprises" and the "Notice on Examination and Approval Procedures for the Operation of Civil Air Carrier Enterprises," which were issued jointly by the Civil Aviation Administration of China [CAAC] and the State Administration for Industry and Commerce [SAIC], the CAAC has drawn up these "Detailed Rules and Regulations on Basic Examination and Approval Terms and Procedures for the Operation of Air Carrier Enterprises." These take effect the day on which the notice is issued.

I. These detailed rules and regulations were specially drawn up based on the "State Council Interim Regulations on Examination and Approval Jurisdiction for the Operation of Civil Air Carrier Enterprises," and the "Notice on Examination and Approval Procedures for the Operation of Civil Air Carrier Enterprises" issued jointly by the CAAC and the SAIC.

II. These detailed rules and regulations apply to those who employ civil air instruments to operate passenger, baggage, freight, and mail transport enterprises (abbreviated below as air carrier enterprises).

Basic Principles and Terms To Be Observed in the Operation of Air Carrier Enterprises

III. Operators of air carrier enterprises must observe the following basic principles:

A. They must contribute to the development of socially productive forces, by enhancing transport capacity.

B. They must help to increase and develop the might and size of existing air carrier enterprises.

C. They must ensure flight safety.

D. They are forbidden to privately hire—in any form—pilots and other technical, service, and management personnel of existing airlines. Personnel transfers must occur through official organizational contacts.

E. In the interests of flight safety, when existing state-owned air carrier enterprises join with local business groups to set up shareholding air carrier enterprises, state-owned air carrier enterprises should in principle hold more than 51 percent of the shares.

F. The major operations of locally organized air carrier enterprises are limited in principle to regular and non-periodic passenger and freight air transport services from within the province, neighboring provinces, and the enterprise location to some domestic cities.

G. Air carrier enterprises may not be operated in the form of wet-leased aircraft. Enterprises and departments with controlling and restraining roles over air carrier enterprises may not operate or participate in the joint operation of air carrier enterprises. Enterprises already providing general aviation services that apply for air carrier projects must reapply for examination and approval according to these detailed rules and regulations.

H. Plans for the operation of multiple air carrier enterprises within a province, autonomous region, or municipality are subject to coordination by the province, autonomous region, or municipality.

IV. In addition to meeting the proper terms of state-owned enterprise corporations as provided by law, air carrier enterprises should also meet the following terms:

A. Aircraft: There should be no less than three carrier aircraft;

B. Funding: There should be funding suited to three carrier aircraft (liquid assets), with registered capital of no less than 80 million yuan.

C. Staffing: There should be staff, such as flight crews, ground crews, flight attendants, carrier service personnel, and managers and administrators, that is suitable for three carrier aircraft.

D. Sites: There should be fixed flight bases, operating sites, and appropriate facilities and equipment.

Operating-Preparation Applications

V. The CAAC is authorized by the State Council as the examination and approval organ for the establishment of air carrier enterprises. The CAAC Business Management Department is responsible for accepting and dealing with air carrier enterprise applications.

VI. Before going into operation, all units that plan to operate air carrier enterprises (abbreviated below as applicants) should learn from the CAAC the pertinent national regulations on air carrier conditions, development policy, and establishment and operation of air carrier enterprises, as well as the particular application requirements for setting up air carrier enterprises.

VII. Applicants that are confirmed to be necessary and feasible through investigation, study, and proof should submit operating-preparation applications to the CAAC after examination and approval by provincial, autonomous regional, and municipal people's governments.

Operating-preparation applications should provide the following documents and data:

A. Operating-preparation application reports.

B. Documents consenting to and approving the operating preparations of applicants from the relevant provincial, autonomous regional, and municipal governments.

C. Feasibility studies on the operating preparations of air carrier enterprises, including the following items:

1) The demand and necessity of setting up air carrier enterprises in the places concerned.

2) The choice of aircraft model and its appropriate operating limits, and the flight base plan to be used.

3) The sources and training methods of staff, such as flight crews, ground crews, flight attendants, carrier service personnel, and managers and administrators.

4) Planned operating projects and lines (passenger, freight, or passenger and freight) and route and airport security conditions.

5) Planned operating-line market analyses and economic-efficiency projections.

D. Funding credit certification.

E. Appointment-approval documents and service records of those in charge of operating preparations, as well as assessments of whether they have the organizational skills to make the arrangements for air carrier enterprises.

F. Joint operations should provide attached joint-operation agreement documents and approval documents from all responsible departments, as well as the operating licenses and charters of all partners.

G. Other documents and data that need to be supplied.

Applicants must submit 10 copies of each of these documents and data (to the CAAC), as well as two copies of each to CAAC regional management bureaus.

VIII. Once the CAAC Business Management Department receives the operating-preparation applications and pertinent documents, demonstration materials, and

data submitted by applicants, it will act in accordance with the basic terms and principles of the operation of air carrier enterprises. It will work jointly with the concerned CAAC departments and regional management bureaus to conduct preliminary examinations and the necessary investigations, and reporting to the CAAC leadership.

IX. Approved operating-preparation applications will be documented by the CAAC Business Management Department and, upon examination, approval, and signing by the CAAC, applicants will be officially notified in writing, with copies of documents sent to concerned CAAC departments, applicants' CAAC regional management bureaus, and applicants' local governments and industrial and commercial management departments. Also, the CAAC Business Management Department will issue application documents and the relevant forms for the operation of air carrier enterprises. The CAAC Business Management Department should also promptly notify applicants if operating-preparation applications are disapproved. This work will be completed within three months after operating-preparation applications are received from applicants.

X. Within 30 days of winning approval of their operating-preparation applications to operate an air carrier enterprise, applicants should take the CAAC-approved documents and data to industrial and commercial management departments to apply for operating-preparation registration. Only after the approval and issuance of operating-preparation registration or documentation can operating-preparation work begin. Moreover, within 10 days applicants must send copies of certification of the industrial-commercial operating-preparation registration to the CAAC Business Management Department, for the record. Outside operating preparations may not begin without authorization, nor is it permitted to register first locally, and then submit operating-preparation applications.

XI. Applicants making preparations to operate air carrier enterprises must strictly observe state laws and regulations and pertinent CAAC rules. Once the relevant terms have been met, applicants can rely on CAAC operating-preparation approval documents and industrial-commercial operating-preparation registration certification to undergo the following formalities:

A. Aircraft purchase- and leasing-declaration formalities at the CAAC Planning Department.

B. Application formalities at the CAAC Airworthiness Department for carrier-instrument nationality registration certification, airworthiness certification, maintenance license certification, maintenance crew licensing, and air carrier enterprise marking-designs.

C. Application formalities at the CAAC Flight Standards and Safety Control Department for certifying and licensing pilot physical exams.

D. Application formalities at the CAAC Navigation Department for ground and airborne radio licensing and telecommunications crew and flight attendant licensing.

E. Application formalities at local CAAC business management or carrier service departments at the enterprise location for inspecting and certifying carriers and service crews.

F. Application formalities at the CAAC Capital Construction Airport Management Department for all applicable base-airport applications, planning licensing and certification, and use agreements signed with the airport.

G. In accordance with CAAC provisions, applicants will draw up a "Flight Manual," a "Flight Signature Manual," a "Flight Minimum Clearance Equipment Inventory," a "Maintenance Management Manual," a "Carrier Business Manual," a "Carrier Service Manual," an "Enterprise Quality Manual," and other enterprise management regulations.

Operating License Applications

XII. Once operating-preparation work is completed and official terms are met for operating an air carrier enterprise, applicants can apply to the CAAC for an "Air Carrier Enterprise Operating License" (abbreviated below as an "Operating License").

Applicants for an "Operating License" should provide the following documents and data:

A. Operating-preparation work-condition reports and operating-license application documents.

B. An enterprise charter approved by the enterprise responsible department or board of directors.

C. An aircraft purchase or leasing certificate approved by the CAAC Planning Department.

D. CAAC Airworthiness Department-approved and -issued carrier-instrument nationality registration-certification, airworthiness certification, maintenance licensing, carrier-instrument maintenance-crew technical-level and license-number registration forms, and air carrier enterprise marking-design approval-documents.

E. Pilot technical-level license-number registration forms approved by the CAAC Flight Standards and Safety Control Department.

F. CAAC Navigation Department-approved and -issued airborne radio licensing (or inspection certification) and approved flight-attendant status and license-number registration forms.

G. Carrier-service-crew job inspection-certification approved by the local CAAC business management or carrier service departments.

H. Flight and ground safety and security certification measures approved by the CAAC Public Security Department.

I. Base-airport-use license-certification as permitted by the CAAC Capital Construction Airport Department, and agreements signed with the base airport to guarantee regular operation.

J. Appointment certification for enterprise legal representatives and key officials (including those in charge of flight and ground crew work) and basic status quo forms for legal representatives (and attached concurrent party and government organ and military service certification).

K. Funding credit worthiness certification.

L. Aircraft operation insurance certification.

M. Planned operating lines and route maintenance forms, including agreements signed with commissioned maintenance units with maintenance qualifications.

N. A CAAC responsible department-ratified or -approved "Flight Manual," "Flight Attendant Manual," "Aircraft Minimum Clearance Equipment Inventory," "Maintenance Management Manual," "Carrier Business Manual," "Carrier Service Manual," and "Enterprise Quality Manual."

O. Other documents and data that must be provided.

These documents and data must be reported and sent to the same departments in the same manner as are operating-preparation applications.

XIII. Once the CAAC Business Management Department receives applications from applicants for the issuance of an "Operating License," it will conduct a full-scale checkup of the operating-preparation status of applicants with the pertinent CAAC departments, and examine and approve applicants' application reports and pertinent data. Those who are approved to acquire an air carrier enterprise operating license will be given a written report by the CAAC Business Management Department for examination and approval by the CAAC leadership. Upon approval, the CAAC will then issue an "Operating License."

XIV. Applicants with an "Operating License" issued by the CAAC and the relevant documentation will, according to the regulations on the management of industrial-commercial enterprise corporation registration, apply for registration to the SAIC, and undergo tax registration by the tax sector. Once issued an "Enterprise Corporation License," applicants will send a copy of this license to the the CAAC Business Management Department for the record and, based on a transcript or copy of the "Enterprise Corporation License" and all documentation, obtain an officially certified license from the pertinent CAAC department, only after which legal application can be made for routes and beginning of operations.

XV. Those approved to have operating-preparation qualifications, who are unable to acquire an operating

license within two years from the date of such approval, will lose their operating-preparation qualification.

Operating License Renewal and Cancellation

XVI. Air carrier enterprises should, within three months of the expiration of their "Operating License," apply in writing to the CAAC for an "Operating License" renewal. The data and formalities for license renewal are set forth in these Articles XI and XII.

XVII. When changes occur in the registered terms of air carrier enterprises, such as name, location, legal representative, registered funding, aircraft model, and operating scale, change-of-registration applications should be promptly submitted to the CAAC. The CAAC can either renew or reissue the "Operating License" according to situation.

XVIII. "The "Operating License" may not be altered or transferred. Lost licenses should be promptly reported to the CAAC for the record, with reapplications only after notification of such loss in the relevant publications.

XIX. Air carrier enterprises that go bankrupt due to poor management or suspend or cancel operations due to accidents should promptly return their "Operating License," and go to their original industrial-commercial registration organ to undergo registration-cancellation formalities.

XX. The CAAC will collect a provided service charge (with regulations for such charges being set elsewhere) for issuing an "Operating License."

XXI. The CAAC is responsible for interpreting these detailed rules and regulations.

AGRICULTURE

Guangdong Agricultural Official Comments on Agriculture

93CE0550C Beijing NONGMIN RIBAO in Chinese
9 Apr 93 p 4

[Article by Zhang Jingdong (1728 2417 2639): "News Summary—How Does the Rural Area Approach a Comfortable Living?—What Steps Does Southern Guangdong Take To Approach Comfortable Living?—Guangdong Provincial Agriculture Committee Vice Chairman Jiang Huisheng Answers Reporters' Questions"]

[Text] How does the rural area approach a comfortable living? The other day, in a special interview Guangdong provincial agriculture committee vice chairman Jiang Huisheng replied to questions on the subject from this newspaper's reporter.

Question: Everyone says that Guangdong peasants have gotten rich fast. What is the actual situation?

Answer: According to agriculture committee systematic statistics of production and business income, Guangdong's 1992 net per capita rural income was 1,308 yuan, a 1,115 yuan increase over 1978. Deducting the price factor, that is an actual growth of 335 percent. Provision of rural cultural, education, health, and social welfare also increased. It could be said that most of the rural areas throughout the province have begun to approach a comfortable living. Some twelve counties (municipalities and districts), including Nanhai, Shunde, and Bao'an, last year exceeded the 1,900 yuan annual net per capita income proposed by Guangdong Province, realizing the goal for the per capita income for approaching a comfortable living eight years ahead of schedule.

Question: People generally understand that only in advancing a step in market orientation can we advance a step in reform and opening up. How is Guangdong doing at adjusting and optimizing the rural industrial structure by market direction?

Answer: Over more than ten years, we have progressively come to realize that the fundamental starting point and foothold for agriculture and work in the countryside is to allow the vast number of peasants to get out of poverty and get rich as quickly as possible. Thus, we are putting forth great effort to fully develop the rural commodity economy. Beginning from the demands of the market, we make full use of regional agricultural resource advantages, making comprehensive use of them. On the basis of ensuring a steady increase in grain production, we make reasonable adjustments in the distribution and internal structure of agricultural production in general and increase the proportion of secondary and tertiary industries. Between 1979 and 1992, the proportion of the value of industrial output for rural primary, secondary, and tertiary industries (at that year's prices) went from 68.4:24.6:7.0 to 34.0:56.2:9.8, and the rate of commercialization of rural products rose from 45 percent to 69.3 percent.

Question: This reporter is aware that Guangdong stressed reform of the rural commodity circulation system early on. In 1979 there was the omnidirectional freeing up of beef growing production and business, and now the business of virtually all agricultural products, including grain and sugarcane has been freed up. Would you please talk a little bit about Guangdong's experience in enlivening market operations.

Answer: At the same time that Guangdong rather early freed up the prices of agricultural products, it totally restored and freed up the market. It permitted and encouraged diverse economic components, diverse operational forms, and multiple business channels for agricultural products and put forth a great effort to organize and support peasant participation in commodity circulation. Now throughout the province there are about 10 million individual industrial and commercial households engaged in agricultural product business, more than 2 million peasants have entered the circulation

service area, and more than 1,000 combined urban and rural special markets and wholesale markets have been established.

Question: Guangdong also has been in the front ranks of those supporting development of mountainous area economies and has something of a reputation throughout the country. Please talk a little bit about your experience in this regard.

Answer: Guangdong's mountain area population makes up about 40 percent of the population and about 60 percent of the land area of the entire province. Because of natural geographic restrictions, there is a large disparity between their economic development and that of coastal and plain areas, making it difficult for rural areas of the entire province to approach a comfortable living. The Guangdong provincial party committee and provincial government are keeping a clear head about this, stressing it early and stressing it strongly. From 1985 until now, every year they have convened a provincial mountain area working conference, constantly probing ways to develop mountain area economies, slanting policy toward mountain areas and energetically supporting them in such aspects as funds, talent, and technology. In 1990 the provincial party committee and provincial government also determined that the economically developed and comparatively developed Guangzhou, Shenzhen, Zhuhai, Foshan, Jiangmen, Zhongshan, and Dongguan municipalities would each support the mountain area counties and poor townships and towns of Qingyuan, Meizhou, Shanwei, Shaoguan, Yangjiang, and Heyuan municipalities, combining the resource advantages of the mountain areas with the economic advantages of the coast and initiating widespread cooperation and exchange of economic technology. Because of many years of slanted policy and adopting strong measures of support, the economies in Guangdong's mountainous areas are truly achieving the favorable situation of rather fast growth. The net per capita income of the province's 51 mountainous counties reached 1,012 yuan last year, a 680 yuan increase over 1985.

Question: Guangdong's township enterprise growth has skyrocketed. Its gross output value (at that year's prices) has increased from 2.936 billion yuan in 1979 to 137.58 billion yuan last year, a 46-fold increase. Please explain a little bit about the essential experience and significance of this aspect.

Answer: An essential experience of Guangdong's development of township enterprises has been unswervingly implementing the "three simultaneous policy," that is primary, secondary, and tertiary industries simultaneously; large, medium, and small enterprises simultaneously; and collective, joint household, and individual enterprises simultaneously. Presently town run enterprises make up 43.2 percent of gross output value of township enterprises, village run enterprises make up 26 percent, joint household enterprises make up 6.7 percent, and household-run enterprises make up 24.1 percent, achieving synchronized development. The facts

prove that rapid development of township enterprises has been an important economic cause of the peasants' achieving a comfortable living and it also is an important means of strategically converting the surplus agricultural work force. Last year as many as 6.35 million peasants worked in rural enterprises, making up 26 percent of the provincial rural work force. And peasants received 18.5 billion yuan in wage income directly from township enterprises. The sudden rise in township enterprises also increased agricultural investment. In the Seventh Five-Year Plan alone, provincial township enterprises invested as much as 2.3 billion yuan in agricultural production. In addition, township enterprises have played an active part in promoting such efforts as small city and town development, rural culture and education, science and technology, medicine and health, communications and transportation, social order, and civil assistance, as well as rural industrialization and urbanization, and agricultural modernization, and have truly become "a source of great hope."

Jiangxi Government Provides Loans for Grain Fund

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11 Apr 93 p 1

[Article by Hu Chaojian (5170 2600 1696): "Implementing Grain Production and Sale Policy, Arranging for Investment of Special Fund, Jiangxi Provides 270 Million Yuan for Grain Prepayments"]

[Text] The Jiangxi provincial agricultural bank in order to thoroughly implement the State Council grain production and sale policy and support provincial grain production, recently issued 272 million yuan in special loans to grain producing subdistricts for grain prepayments to be directly issued to agricultural households and grain producing units by the agriculture bank's grass-roots business network.

This year the provincial agricultural bank, based on the grain contract purchasing plan formulated by the provincial government, issues the 20 percent prepayment on the 24.5 yuan a kilogram paddy purchasing price with the grain department guaranteeing the loan and guaranteeing repayment. To make it convenient for agricultural households to purchase such capital goods as seeds, pesticide, and fertilizer that they need to produce grain, the prepayment is issued in "combined money and goods." When the agricultural household signs a purchasing agreement with the grain department, they can use transfer slips drawn on the bank for a fixed amount and purchase the capital goods that they need from the supply and marketing cooperative at any time. Those agricultural households that need to purchase agricultural materials from another place can draw cash from the bank. So that this issuing of prepayment earnest money goes well, every locality will augment its inspection and supervision and strictly forbid any department from taking the opportunity to deduct or divert funds.

Report on Jilin's Agricultural Mechanization

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in Chinese 17 Apr 93 p 1

[Article by Wang Xingli (3769 5281 4539): "Sell a Tieniu (Tractor)? Buy an Ox?—Reflections on Jilin Province's Agricultural Mechanization"]

[Text] Editorial Note:

Without agricultural modernization, agriculture's foundational status could not long remain stable. The fact that Jilin peasants are selling tractors and buying oxen once again makes us aware of this. Every trade and profession in developing the economy should maintain the interests of the peasants and in enhancing the foundational status of agriculture, we must not forget agricultural mechanization. Otherwise peasants will be forced to make wrong choices leading to passivity in the development of the whole economy and ultimately delaying reform.

Jilin is a major agricultural province as well as one of the first provinces in the country to start agricultural mechanization, developing it rather quickly. At the beginning of rural reform, agricultural machinery came into the market as commodities and vast numbers of peasants selected and operated the machinery on their own. That injected a huge amount of vitality into agricultural mechanization and brought on rapid development of agricultural production and the rural economy throughout the province. But today, ten years later, faced with the impact of the great surge of the market economy, the vast number of peasants—the mainstay of agricultural mechanization—have lost their former enthusiasm. Several signs are appearing. In dealing with agricultural mechanization, peasants have already begun to come out with—**Decisions That Concern People**

Beginning with last fall, rural areas of the province have had an indifference to agricultural machinery rarely seen in the last ten years. A grass-roots cadre says that presently in developing agriculture we shout "two highs, one outstanding," but with agricultural machinery it is "one high, two lows." While enthusiasm for selling agricultural machinery is high, enthusiasm for buying agricultural machinery and using agricultural machinery becomes increasingly lower. And it appears that peasants are now selling tractors and buying oxen and buying horses, rather like the situation in the beginning of the system of allowing major responsibility to the individual peasant household.

What are the actual facts? This spring in the period preparatory to plowing, in the province four work teams were dispatched to investigate various places. Arriving in nine counties (cities) in six districts, including Baicheng, Siping, and Gongzhuling, they discovered different degrees of conversion to selling tractors. Taonan city in the first two months of this year sold off more than 100 tractors of various types. Not only are rural collectives selling, but individual peasants also are selling. In Shuangliao county, a big agricultural

machinery family, Shao Liming, had six large tractors. They have already sold off four and they have decided to sell off the remaining two after the spring planting. Liangjiashan village, Shulan county has a total of forty small four-wheel tractors. The rural households have decided to sell off one third of them, but they are worried that they cannot sell them off because no one will buy them. A comrade in Baiqi town, Shulan county to check on the spring plowing, going down the street, discovered that the walls on either side were covered with several advertisements to resell tractors. According to a survey, tractor sales follow three principle channels. One is to sell to a neighboring province; the second is to sell to non-agricultural production departments and units; and the third is to sell to purchasing stations as scrap iron.

Based on the northeastern agricultural seasons, when New Year's is past and the time to prepare for plowing begins, peasants purchase agricultural machinery to prepare for planting and there is an upsurge in agricultural machinery sales. But the actual situation is not at all that way. In the first two months of this year, throughout the province agricultural machinery sales have decreased by 13.86 million yuan, as much as 12.6 percent from the same period last year. Only a little more than 2,000 tractors of various types have been sold, a decrease of 2,500 or 55 percent from the same period last year. Sales of farm implements used to prepare the soil and plant also are down by nearly half from last year. An agricultural machinery company in Qianguo county last year beginning in the spring sold more than twenty small four-wheel tractors every day, but this year in twenty days they have not been able to sell a one. In Yushu, the city with the highest level of mechanization in the province, last spring peasants purchased more than 1,100 seeders, but this year since spring festival, visitors have been few and far between and they have not sold a one.

What most disturbs people is that several localities this year once again chose oxen rather than tractors to do their spring plowing. Dagang township in Yushu municipality for several years running had unified planting and unified management and 100 percent of cultivated land throughout the township used mechanized plowing and planting. But this year they took a different path. On one third of the land they decided to no longer use mechanized planting. Sijiazi village, Lingxia township, Taonan municipality was an old model of mechanization with twenty years of completely mechanized production. But this year they are prepared to let various families and various households use horse-drawn plows for tilling, and in the fall they will not have mechanized seeding.

Faced with the current indifference to agricultural mechanization, the agricultural machinery department is worried and government leaders in charge of agriculture also are extremely concerned. They believe that if the present agricultural machinery slump continues, it could produce an inestimable effect and damage to future Jilin agriculture, where mechanized croplands make up more than 50 percent, especially in grain production. But

turning back and carefully analyzing the actual plight of households that maintained machinery and peasants that used machinery in the last two years, the peasants' current preference for oxen over tractors, is definitely not the subjective desires of the peasants, but can only be said to be a type of—**Compelling Choice**

Households that maintain machinery say, "After the system to allow major responsibility to individual peasant households, we actually had several good money making years. But in recent years it has been more and more difficult to balance accounts. So, we are forced to sell the tractors and buy horses and oxen."

A survey reveals that in the last two years difficulties have mounted in the productive efforts of several households maintaining machinery, economic performance has steadily deteriorated, and business activities have been difficult to maintain for three main reasons:

The first is that inflation in the price of diesel fuel has made it unaffordable. This year Jilin adjusted crude oil prices and that was followed by an increase in the price of agricultural use diesel fuel. Even though the provincial treasury grants a 650 yuan a ton subsidy, the cheapest price that peasants can buy it for is over 1,100 yuan, 120 percent higher than the parity price of oil in the former state plan. Based on a provincial spring planting use of 60,000 tons, peasants have to spend 30 million yuan more. And negotiated price and high-priced diesel fuel for other uses than on the farm reach as high as 1,800 yuan. Peasants figure it this way. Even if they use subsidized diesel fuel for tractor plowing, the cost for every tractor plowed hectare would increase to 220 yuan from the former 120 yuan and the cost of the average kilogram of corn would increase by 0.01 yuan. If they use high-priced oil or negotiated price oil, tractor plowing costs and grain costs would increase even more. With the present low grain prices, peasants do not have much money on hand. And with other necessary production investments (such as seeds, fertilizer, and pesticides) all requiring money, if peasants want to use machinery, they cannot afford it and they can only look on their machinery with regret. Because households maintaining machinery have difficulty finding a way to produce, they naturally have to find another way to make a living.

Secondly machinery is too expensive to buy. In the last few years, the prices of every type of agricultural machinery and parts can be said to have inflated and re-inflated. Compared with 1985, the price of a large treaded tractor has increased by 200 percent, the price of a tractor with wheels has increased by 210 percent, and the prices of farm implements associated with tractors have increased by 300 percent. In Jilin Province the selling price of a Dongfanghong-802 tractor with associated farm implements is nearly 80,000 yuan, equal to the value of approximately 200,000 kilograms of corn. In the local countryside, a family of five saving 20 years' net income cannot buy one. In recent years, despite the fact that Jilin Province has renewed the policy implementing a 20 percent treasury subsidy, this little bit of money is

almost totally inadequate. It is completely "eaten up" by inflation. So, throughout the province there is the situation that treaded tractors are discarded faster than they are replaced and more are sold off than new ones are added, and the number being kept declines from year to year.

The third thing is that the burden is greater than they can bear. Households maintaining machinery must bear the burden of operating machinery as well as bearing the expenses divided according to the population of the land. Wang Xiaohai from Chaoyangpo township, Gongzhuling municipality maintains a Tieniu-55 tractor. Last year in one year he paid twelve fees totalling as high as 6,700 yuan. Yushu municipality has a total of 1,080 large- and medium-sized wheeled tractors. Because they cannot afford the fees, most of them are reported stopped. By comparison it is more difficult for agricultural households to maintain small four-wheel tractors. There can be more than twenty fees, as high as 2,000 yuan, and at least there are more than ten, nearly 1,000 yuan.

Heilongjiang Diesel Prices Too High for Peasants

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23 Apr 93 p 1

[Article by Zhou Xiaobing (0719 2556 0393): "Oil Producing Province Cannot Curb Oil Price Inflation, Hard To Make Good on Guaranteed Price Policy, Heilongjiang Peasants Still Cannot Buy Parity Diesel Fuel"]

[Text] On 27 March, after the State Council convened an emergency meeting to decide on guaranteed quality, guaranteed price, prompt supply of oil, the situation still has not turned around in some localities. At a meeting on production, sale, and ordering of grain convened not long ago in Heilongjiang, those at the meeting one after the other assessed responsibility for the fact that the price of diesel fuel still was wildly inflated.

Zheng Lianxi, a peasant from Xinan village, Shuanghe town, Suihua municipality told this reporter, "A barrel of diesel fuel cost me 346 yuan. A barrel is 170 kilograms. So, every kilogram of diesel fuel costs more than 2 yuan." Zheng Lianxi's neighbor, Hu Wenli, looking extremely worried, said, "With the price of diesel fuel inflated, we cannot do without machines and we cannot do without fuel for whatever purpose or activity whether it's plowing, raking, or drawing water. If the price is inflated, we have to inflate the price in turn. If only the price of paddy is lowered, we will see planting lose money so that we farmers cannot even afford to plant our crops."

When Shuanghe town agricultural machinery station chief Zhang Guohua explained the skyrocketing prices of diesel fuel, he gave two reasons. The first is high prime cost. The second is pairing with negotiated prices. The agricultural machinery station received 60 tons of diesel fuel from the municipal petroleum company this spring

in accordance with the plan above. Within that, 48 tons was parity diesel fuel, at 1.2 yuan a kilogram, and 12 tons was negotiated price oil, at 2.9 yuan a kilogram. The oil came mixed together. If they wanted to sell it separately, they could not. They could only combine the prices of the two kinds of oil and add the station's 4 percent operating cost for 1.95 yuan a kilogram. Because the price is high, quite a few peasants cannot afford it. Half of the diesel fuel now is still stored in the storage tank and cannot be sold.

What kind of reasons are high prime cost and pairing with the negotiated price of oil? A certain municipal petroleum company official said, "This spring parity oil quotas and prices have never gone down. In accordance with the provincial petroleum company's directive, we first ordered at the last year's parity oil volume. Because the refinery cost of 1.08 yuan a kilogram was figured with the company's, we gave it to the agricultural machinery bureau wholesale at 1.1 yuan a kilogram. Deducting such costs as transportation and storage, the company lost 17 yuan a ton on parity diesel fuel. Now the selling price of diesel fuel to peasants is only prepaid. After the above parity price of oil comes down, we will refund any overpayment or ask for a supplemental payment for any deficiency."

An official of the provincial petroleum company said that before 5 April, the state had a quota and a price for agricultural diesel fuel, but the oil sources never implemented them. The organizations under the petroleum companies and the petrochemical corporations successively figured the price at 1,460 yuan and 960 yuan a ton. The petroleum companies themselves do not have the funds to make up the deficit between parity and the negotiated prices. They can only adopt the method of prepayment from the peasants and later refund any overpayment or ask for a supplemental payment for any deficiency. On 5 April when we received the notification from the oil station, the parity price of oil was officially set. But what the peasants that this reporter visited ultimately bought still was not truly parity price diesel fuel.

Quite a few grass-roots cadres and peasants gave their views and suggestions on the supply of parity diesel fuel.

The state policy on parity diesel fuel for agricultural use has been in effect for many years and the price is rather stable. Why at the beginning of each year must we again go through these procedures? As a result, the peasants at spring plowing, the critical time to use oil, first have to prepay the negotiated price. If it is necessary to make an adjustment every year, could we come to a decision at the end of the previous year?

A comrade from the petroleum company points out that the state's macroeconomic coordination must be stronger as regards agriculture and peasants. The state's policy is very clear and the peasants clearly understand it. So, when they do not see parity oil, the peasants

accuse us of making unconscionable profits. The comrade from the petroleum company also gave his own ideas about the upper limit on the selling price of diesel fuel. He believes that the upper price limit could ultimately become a mere formality. So, the state stipulates an upper price limit to be put out by the provincial people's government and the petroleum company affiliated with the province can limit it, but it is difficult to coordinate with the refinery affiliated with the central government. So, it could be that because the circulation is limited, but the source cannot be limited, we control the fringes, but lose the essentials.

Several rural cadres have appealed for a special shortcut for supply channels for agricultural use parity diesel fuel. Now the diesel fuel must go through four or five stages such as petrochemical, petroleum, and agricultural machinery bureaus and the agricultural machinery station before it gets into the peasants' hands. Each stage has transportation and storage costs and they all have reasonable and legal profits to add to the price. Add to that some clear and unclear causes and parity diesel fuel loses its identity. The guarantees and supports that the state gives the peasants are lost in the intermediary stages and the peasants still cannot buy parity diesel fuel.

Development Brings More Decline in Cultivated Land Area

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[Article by Han Xishen (7281 1585 2773): "Further Reduction in the Country's Cultivated Land Area. Development Zone Cultivated Land Takeover Situation Serious"]

[Text] Since the advent of reform and opening to the outside world, growth of the country's national economy has speeded up markedly, the rural economy continuing to develop and various kinds of development zones and industrial zones booming. However, in quite a few areas, a situation of arbitrary takeover and reckless use of cultivated land has occurred, the amount of cultivated land being reduced greatly once again for a further intensification of the man-land conflict.

Statistics show 1.431 billion mu of cultivated land nationwide in 1992 for a net 3.65 million mu or 0.25 percent reduction since 1991. Since this reduction of the cultivated land area cannot be fully made up, the balance between increase and decrease in cultivated land is further upset. This is another substantial reduction in the country's cultivated land area after two years of basic stability. Both the amount and the range of the reduction were greater than during the period of economic overheating of 1988.

In 1992, 24 provinces saw a net reduction in their cultivated land area. This was five provinces more than previously, the number of cultivated land decrease areas increasing. At the same time, the reclaimed land area also decreased. The newly reclaimed land area totaled

3.64 million mu for the year, falling another 510,000 mu on top of a 190,000 mu reduction in the previous year for a 12.3 percent decline, which was 47.5 percent of the new increase in the cultivated land area. State capital construction used 1.98 million mu of land for the year, 900,000 mu or 83 percent more than in 1991. The cumulative amount of cultivated land used for non-agricultural construction totaled 3.3 million mu, more than double the national plan amount and accounting for 29.7 percent of the total reduction in the cultivated land area, and 4 percentage points more than in the previous year. The man-land conflict further intensified, the cultivated land area per capita nationwide falling to 1.22 mu in 1992, 0.03 mu less than in the previous year for a 2.4 percent decline. At this rate, by the year 2000 China's cultivated land area will fall to approximately 1 mu per capita.

A survey of 768 counties in 27 provinces, autonomous regions, and municipalities showed the takeover of 651,000 mu of cultivated land for various kinds of development zones and industrial zones in 1992. This was 45.9 percent of the reduction in the cultivated land area, making it an important reason for the large decrease in the cultivated land area.

The cultivated land takeover for development zones in eastern coastal areas is serious. Because development zones and industrial zones in this area began early, developed rapidly, and took over a large amount of cultivated land, the percentage of cultivated land takeovers there was higher than the average for the 768 counties surveyed.

Takeovers of cultivated land for development zones and industrial zones is even more pronounced in large and medium size cities. The cultivated land area taken over for various kinds of development zones and industrial zones during 1992 was 69,000 mu in nine districts and counties of Beijing, or 1.13 percent of the cultivated land taken over for the year; 11,000 mu in six suburban counties of Shanghai, or 0.39 percent; 24,000 mu in Chengdu, or 0.35 percent; and 11,000 mu in five counties of Tianjin, or 0.19 percent.

In the northeast, the northwest, and in Inner Mongolia and Shanxi Province, relatively little land was taken over for development zones and industrial zones. These areas are largely in the preliminary stage of large scale development.

The craze for development zones and industrial zones is still on the rise, estimates calling for 660,000 mu of land takeovers for development zones and industrial zones in the 768 counties during 1993. This will be a 10,000 mu, or 1.5 percent increase over 1992. In addition, 14 provinces, autonomous regions, and municipalities have plans for cultivated land takeovers for development zones and industrial zones during the next three years. Henan plans to take over 510,000 mu, Jiangsu 280,000 mu, and Hunan and Shanxi 240,000 mu each. During the period 1991-1995, plans call for the takeover of an

estimated 1.467 million mu of cultivated land for development zones and industrial zones. This is equal to 0.24 percent of the cultivated land area in 1992. If these plans come to fruition, China's cultivated land area will continue to decrease tremendously.

Some cultivated land must be taken over in the course of economic construction and development, but takeovers of cultivated land must be strictly controlled. In the country's developed areas, particularly in coastal areas and in the suburbs of large- and medium-sized cities, cultivated land takeovers have become the main reason for the decline in the amount of cultivated land. Cultivated land has already been taken over in for some development zones that will not be developed for several years or for even more than 10 years. This means it lies fallow, thereby impairing ability to obtain economic benefit from it and creating extreme waste. It is hoped that the authorities concerned will adhere to the principle of placing equal emphasis on takeovers of cultivated land and reclamation of land for agriculture in an effort to keep the increase and decrease in cultivated land basically in balance to ensure stability in the basic conditions for agricultural production.

Peasant-Stored Grain Stocks at All-Time High

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BAO in Chinese 26 Apr 93 p 1

[Article by Guo Nong (6753 6593)] "Peasant Grain Stocks at All-Time High"]

[Text] According to a State Statistical Bureau Rural Survey Team's random survey of 67,000 rural households in 30 provinces, autonomous regions and directly administered municipalities, rural residents' stocks of grain are at an all-time high; the amount available for sale has increased, and the difference between one area and another is fairly great.

The rural survey team's survey showed that as of the end of 1992 the grain stocks per capita in the hands of rural residents of the country were 12.8 percent higher than in 1991 for an all-time high. During the fairly long eight-year period from 1984 through 1992, rural residents' per capita grain stocks increased 64.2 percent in a 6.4 percent annual increase showing that grain stocks in the hands of rural inhabitants are becoming more and more plentiful.

The rural survey team's survey showed that the average amount of grain in the hands of rural inhabitants at the end of 1992 was much greater than the actual amount of consumption for the entire year (including the amounts used for food, seed, livestock feed, and other purposes). This means that even were no grain harvested in 1993, rural inhabitants would still be able to maintain their

normal consumption and simple reproduction as usual and would still have grain left over to sell to the state.

Because of differences in the amount of cultivated land, population density, and farming methods, the amount of grain in the hands of rural inhabitants differs substantially from one area to another. The area having the highest grain stocks is the northeast where, as of the end of 1992, the amount on hand was 2.6 times the national average. This included grain stores averaging 1,347 kilograms and 1,309 kilograms per capita respectively in Jilin and Heilongjiang provinces. Second was north China where the amount of grain on hand was 1.3 times the national average. This included a per capita amount of grain in Inner Mongolia that was 1.9 times the national average. The area having the lowest grain stocks was Hainan Province where the amount on hand per capita was only 47.8 percent of the national average. Other places in which grain supplies per capita were lower than 300 kilograms included Fujian, Guangxi, and Guizhou.

Agricultural experts believe that the increase in rural inhabitants' grain stores reflects, on the one hand, the fine situation in rural development resulting from reform and opening to the outside world. This is expressed first of all, in a tremendous rise in the country's grain output, which translates into a year-by-year surplus in the amount of grain in the peasants' hands. It is expressed, second, in a trend toward stabilization of rural resident grain consumption. The peasants' diet has changed substantially, demand for high quality kinds of meat, poultry, dairy products, and vegetables steadily increasing while consumption of grain as the main part of the diet is tending toward saturation.

Furthermore, the experts also point out that the increase in the amount of rural inhabitant grain stocks does not mean in any way that the peasants have too much grain on their hands, much less does it mean that the country's rural grain problem has been solved. The current increase stems from inadequate development of a rural livestock industry, the low level of rural grain conversion, and slow increase in the livestock industry's use of grain, as well as the deficient commodity circulation system and poorly developed grain markets, which are unable to digest rapidly the surplus grain in the hands of the peasants, thereby giving rise from time to time to peasant "difficulty selling grain." Therefore, the experts warn that the increase in rural inhabitants' grain stocks should not be looked at with unalloyed glee. One must think about the possibility that should this situation continue, it is bound to lead to "cheap grain," and "cheap grain" may dampen peasant interest in developing grain production. Then realization of the goal of raising the country's grain output to a new level will come to naught.

GATT's Potential Impact on Farm Product Prices

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BAO in Chinese 26 Apr 93 p 2

[Unattributed article: "Will GATT Revival Affect Farm Product Prices?"]

[Text] Will restoration of China's GATT status affect farm product markets and prices? State Commodity Prices General Administration experts believe that as compared to industry—particularly processing industries—the effect on farm product markets will be relatively small.

Domestic rice markets and prices will not be hurt following GATT restoration. This is because China is largely self sufficient in rice with some surplus, and the domestic market price is close to the international market price. It is also markedly lower than the landed price and the domestic transfer and delivery price of imported rice. Since rice is currently tariff-exempt, no tariff concession problems exists. Furthermore, China does not import or export a large quantity of rice; therefore, the impact of the international market is not great.

The price of wheat may fall to a certain extent. The price of wheat in China is higher than the international market price. After GATT restoration, more international market rice will flow into the country jolting the domestic market and causing a slide in the price of wheat.

The effect on cotton prices will not be great. This is because the domestic price of cotton is lower than the international market price. Even without the 8 percent import tariff, Chinese cotton is competitive in the market. Furthermore, the supply of cotton is slightly greater than demand, so even were no cotton imported, supply would be largely assured.

China-produced wool should continue in top place. The current foreign trade transfer and delivery price of imported wool is about the same as for domestically produced wool. If tariffs are lowered from 20 percent to 10 percent, the domestic transfer and delivery price of imported wool would be 22.77 yuan per kilogram. Quality differences will cause a drop to a certain extent in the price of domestic wool. In addition, since a profit can still be made from the production of domestic wool, a drop in price will still not cause a loss. Furthermore, imported wool and Chinese wool are used in somewhat different ways. Some woolen textiles use mostly imported wool as their raw material, but some textile products are made mostly from Chinese wool. Therefore, after a lowering of the tariff, Chinese produced wool will still occupy first place in markets. It is not likely to be completely replaced by imported wool.

The effect on timber will not be great, but there will be some effect on wood products. After the restoration of GATT, the price of imported timber will fall as tariffs fall. Thus, the price difference between imported and domestic timber will narrow, but the same will not be

true for wood products. For example, at the current 9 percent tariff, imported plywood still has a competitive advantage over Chinese-produced plywood. GATT restoration will hurt domestic plywood.

In view of the foregoing, experts in the State Commodity Prices General Administration believe that at the time of GATT restoration, in order to do all possible to improve the positive role of the international market for China's agricultural products and reduce their unfavorable effect, policy actions must be taken. Examples include the formulation of concessionary tariff and nontariff barrier plans in order to reduce somewhat the price of GATT restoration. Full use should also be made of the guarantee provisions of GATT to product the development of domestic agriculture. Foreign exchange rates should be adjusted and agricultural investment increased to steady and advance the development of agriculture. The policy of using public funds as a backstop to protect and support agriculture should continue. Of course, real deliverance still lies in the vigorous development of high yield, premium quality, high efficiency agriculture.

Livestock Feed Exports Cut To Develop Meat Exports

93CE0603E Beijing ZHONGGUO TONGJI XINXI
BAO in Chinese 26 Apr 93 p 1

[Article by Yin Chen (0122 1057): "Reduction of Livestock Feed Exports To Develop a Livestock Industry"]

[Text] China's livestock feed exports have increased greatly since 1985 going from 1.93 million tons in 1985 to 4.37 million tons in 1990, the price falling to \$202.80 per ton. Export livestock feed is a primary product that produces low economic returns, but when livestock feed is converted to added value, the economic return from the export of livestock products is high. Since the importation of livestock feed to develop livestock and poultry production provides higher economic returns than the importation of livestock, many countries import large amounts of livestock feed to develop their livestock industry. Livestock products exporting countries such as Thailand, the Netherlands, Denmark, and France import livestock feed from China, which they convert to livestock products for re-export, thereby earning foreign exchange.

Therefore, the Chinese experts concerned recommend a reduction in livestock feed exports, the livestock feed applied to the vigorous development of China's own livestock industry. This conversion to livestock products can produce both export foreign exchange earnings and satisfy domestic consumption needs. It can increase China's foreign exchange earnings while also improving the country's diet, and raising the percentage of animal protein consumption and the nutrition level.

Many of the conditions needed for the opening of international markets for China's livestock products already exist today. These include a large supply of cheap labor, plentiful livestock feed resources, and some advantages in terms of production experience and technology. China's exports of livestock products as a percentage of total world market capacity is still relatively low, pork exports accounting for only approximately 3

percent, and poultry exports amounting to only approximately 2 percent. Clearly, prospects for livestock product exports are vast.

A look at the economic returns to be gained from reduction in livestock feed exports to raise more hogs shows that China exported 4.37 million tons of livestock feed in 1990 alone, sufficient to raise 11.9 million hogs,

which convert to 880,000 tons of pork. Pork exports could have produced \$582 million more than livestock feed exports, an appreciable benefit.

For this reason, the experts concerned believe that China must adopt a policy that limits livestock feed exports and supports the livestock industry.

Zhang Weiguo on Fight for Journalistic Freedom

93CM0233B Hong Kong PAI HSING [THE PEOPLE] in Chinese No 283, 1 Mar 93 pp 44-45

[Article by Zhang Weiguo (1728 0251 0948): "Reporters and Editors on the Mainland Fight for a Larger Margin of Journalistic Freedom"]

[Text] Even bureaucrats assigned to high positions and retained within the system are not monolithic blocs, and the irresistible tide of journalistic freedom will force them to change. Of course, the major reason for these changes is the increasing consciousness of personnel engaged in journalistic activities on the mainland, who are now initiating a new process of a conscious, courageous, energetic, and ingenious fight for a larger margin of journalistic freedom.

As long as there is the possibility of mainland China opening up to the outside world, reporters, editors, and the broadcasting media, in order to serve the broad masses of people, will need to, and will certainly use their heads to think, and have independent judgements on social development and the operation of the governing body. It will quite naturally come about that the news disseminating media will again be "tools" and "tongues" as independent voices representing the will of the people.

Men Like Qin Benwei [2953 2609 4539] Are Playing an "Edge Ball" Game by the Thousands

Although men at the top of the mainland administration, are still the same old people, persist in upholding traditional ideologies, persist in strictly controlling the news media, and are showing not the slightest indication of relaxing, even though no other periodicals have so far appeared to replace SHIJIE JINGJI DAOBAO, JINGJIXUE ZHOUBAO, XINGUANCHANG, QINGNIAN LUNTAN, WENHUI YUEBAO, which "in defiance of death" have so gallantly been leading the charge, even though senior newspaper persons, like Qin Benwei, Ge Yang [2047 2254], Wang Ruoshui [3769 5387 3055], Yu Haocheng [0060 3185 2052], and Hu Jiwei [5170 4921 0251] have been forced out of the news media of the mainland, the news media are now under attack from those in the news media who have by now become sufficiently enlightened, and who are now doing their level best in playing, and indeed excelling at the "edge ball" way of playing. The government also seems to gradually relax in its high pressure, and reporters and editors who have grown up in the fight against that high pressure have on the whole almost regained, or even exceeded the 1988 level. If we say that at the start there was only one Qin Benwei, or only a small number of Qin Benweis, who would play the "edge ball" game, we can now say that there are Qin Benweis by the hundreds and thousands who are engaged in the "edge ball" way of playing.

For example Shanghai's XINMIN WANBAO, a newspaper with the largest circulation on the mainland (about 1.7 million issues), is mostly read by city residents and

publishes in particular social news, such as cultural affairs, entertainment news, etc. It emphasized above all, as expressed by its former editor in chief Zhao Chaogou [6392 6389 2845], the principle of "shorter, shorter, and again shorter" (meaning, keeping the length of articles short) and "softer, softer, and again softer" (meaning, reducing political content of articles, i.e., avoiding direct reference to major contradictions and conflicts in the prevailing social reality, but rather have its readers get the right ideas indirectly through news on common, neutral, and harmless subjects, or by filling articles with the phraseology of the market-place and drawing caricatures of events). Although Zhao Chaogou personally was thought highly of by Mao Zedong and was many times invited for consultations on national affairs, it was, sorry to say, impossible for either Zhao Chaogou or the XINMIN WANBAO to escape the calamity of the 10 year Cultural Revolution. The former was impugned as a "cow-demon and snake-spirit," and the latter was closed down for 10 years; it was allowed to resume publication only after the initiation of reform and the opening to the outside world.

XINMIN WANBAO Teased for Being Accused of Having "Subverted the Party," "Subverted the Military," and "Subverted the Government"

By the second half of last year, the said newspaper had achieved its expansionist "reform," going from an eight-page format to a 12-page format, and then again from a 12-page format to a 16-page format. The content of its various columns had simultaneously gained in vitality, while the circulation of the newspaper had more or less maintained its former level. In view of some recent manifestations, mainland colleagues in journalism are teasing XINMIN WANBAO for having been accused of "subverting the party, subverting the military, and subverting the government."

"Subversion of the party" refers to the said newspaper having revealed one day in the latter half of last year in its "Sundry News" column on page 12 the "internal" [i.e. confidential] speech of Shanghai's mayor Huang Ju [7806 5468]. The mayor mainly talked about his ideas of reforming the administrative structure of Shanghai, mentioning that he would abolish the six industry bureaus and that he planned to disband the cadres and personnel of these offices. On the same day as this news was published in the paper, all the cadres of those industry bureaus that were to be abolished went, with newspapers in hand, to the Shanghai party committee and the municipal government to "appeal to higher authority." It almost brought about a social upheaval, and it enraged no end the heads of the Shanghai administration, who spoke of a "leakage of confidential matter." They ordered the XINMIN WANBAO to print an important "rectification" on its front page and to strictly seek out the source of the information. Who was it after all who leaked the confidential information? As a result, it was said that Huang Ju's speech had first been revealed in a bulletin of the Shanghai office of the Jiangxi provincial government. The XINMIN

WANBAO had done nothing else but reprint that article. Even though these were the facts of the case, the boss had to write a self-criticism to the party committee, but was still unable to escape responsibility.

The accusation of "subverting the military" is even more preposterous and ridiculous. On 30 November of last year, the SHENGHUO ZHOUKAN, a small subsidiary of Shanghai's QINGNIAN BAO, published a special article written by its editor, entitled "Three High Level Rectifications in the Chinese Armed Forces," discussing—what was generally known—the transfer of some high-ranking personalities in charge of the General Political Department, in the Air Force, and in some military districts. That paper also mentioned changes among the high officers of the armed police and Navy, something that had not been made public before. The publication appeared just shortly after the person who nominally had been the highest military commander in the mainland military had left Shanghai on 22 November. The delicate background to these events had surprised and startled the people, and the affair evoked strong reaction from the military. The headquarters of the Navy and of the military police wired the Shanghai party committee enquiring about the source of the information. What the position of the military now is on the mainland, no one dares offend them, and the Shanghai party committee was no exception. It regarded the mentioned report as a "political incident," and the person in ultimate charge of ideological affairs in the party committee personally conducted the investigation to find the source of the said information.

As the same time as the investigation was started at that end, the XINMIN WANBAO at another end reprinted the report of the SHENGHUO ZHOUKAN in its "Sundry News" column of 4 December, and thereby immediately raised a mighty uproar. The Navy and the military police upbraided Shanghai for engaging in a sinister scheme, "first using a small newspaper to release the information and then having a large newspaper reprint it." In the morning of 6 December, Ding Fazhang [0002 3127 4545], editor in chief of the XINMIN WANBAO, flew to Guangzhou on business. At noon that day, the Shanghai municipal party committee wired him, ordering him to return immediately for a self-criticism of his mistakes. There was a big fog over Shanghai that night, but Ding still followed orders and returned to Shanghai. Later, although he did publish a major "rectification," a kind of self-criticism, on the front page, and also removed the responsible editor of the "Sundry News" column from his post and had him "demoted" to work in the reference room, the written self-criticisms that Ding Fazhang submitted to the Shanghai municipal party committee were several times not found acceptable.

A short time ago, Shanghai held a meeting of party delegates, and Ding Fazhang, editor in chief of XINMIN WANBAO, was one of the delegates. On the last day, the meeting elected members and alternate members to serve the next term in the Shanghai municipal party committee. When Ding heard that it would be an election of an equal number [deng e xuan ju 4583 7345 6693 5282], he ordered publication, in advance of events and at the first opportunity possible, of the name list of candidates as being the name list of elected members. The normal closing date at the XINMIN WANBAO for the acceptance of texts for publication is 12 o'clock noon, and by 1330 in the afternoon the papers will be at the post office or the news stands. On that day, when the newspaper published the name list of the new municipal party committee, the election of delegates to the party committee was still in progress, and, furthermore, the order in the published list of alternate members and of the candidate members was also different; for the former it was according to the number of votes cast for them, and for the latter it was that of the number of strokes in their family names. The XINMIN WANBAO was in for new criticism from the Shanghai municipal party committee for rushing publication of this news, and colleagues teased the paper for being accused of "subverting the party," which had people roaring with laughter.

Ideologists in Charge Are Like a "Fire Brigade"

Ding Fazhang was formerly editor in chief of the QINGNIAN BAO. When he showed himself loyal to the new generation of leaders after the "4 June incident," he was given the more important job of editor in chief of the XINMIN WANBAO. Presently, the mainland authorities very much hate to see the momentum of the journalistic reform slip out of the hands of those they trust. (However, things that happened in the case of the XINMIN WANBAO have repeatedly occurred in Shanghai as well as all over the mainland. The government agencies in charge of ideological affairs are like an overworked "fire brigade," utterly exhausted from rushing hither and thither.) They are really in a fix, and troubled by the fact that there exists no helpful strategy. I believe even bureaucrats assigned to high positions and retained within the system are not like monolithic blocs, and the irresistible tide of journalistic freedom will force them to make changes. This fact is also brought out by the above-stated actions of the XINMIN WANBAO, headed by Ding Fazhang. That newspaper, furthermore, now started a closer cooperation for exchanges with Hong Kong and Taiwan news media, such as the LIENHO WANBAO and the CHUNGSHIH WANBAO. Of course, the major reason for these changes is the increasing consciousness of personnel engaged in journalistic activities on the mainland, as they are now initiating a new process of a conscious, courageous, energetic, and ingenious fight for a larger margin of journalistic freedom.

Li Yi on Wang Xizhe's Imprisonment

93CM0233A Hong Kong CHIU-SHIH NIEN-TAI [THE NINETIES] in Chinese No 3, 1 Mar 93 pp 25-27

[Article by Li Yi (2621 1837): "Wang Xizhe (3769 1535 0772): 'Still a Good Brave Fellow After Those 12 Years'"]

[Text] CHIU-SHIH NIEN-TAI published many of Wang Xizhe's articles, and that may have been one of the reasons for his being found culpable. His release from prison makes us happy, while still remaining somewhat apprehensive. From our many telephone talks with Li Zhengtian [2621 2973 1131] we understand some of the circumstances that Wang Xizhe finds himself in after leaving prison. He dyed his hair and still intends to undertake railway construction; his is still an extremely active mind.

It may perhaps have to do with the election of Clinton to the U.S. presidency (during his campaign he had emphasized that he would grant China most favored nation treatment only conditionally) that China, since November last year, has shown many instances of leniency toward political criminals: On 25 November, Bao Zunxin [0545 6690 0207] was released on probation; on 22 January, Luo Fu [5012 1318] was allowed to return to Hong Kong; on 25 January, Liu Xiaobo [0491 2556 3134] left China for Australia; on 4 February, Wang Xizhe and Gao Shan [7559 1472] were released, and on the same day Zhang Weiguo [1728 0251 0948] was allowed to go to the United States; on 17 February, Wang Dan [3769 0030] and Guo Haifeng [6753 3189 1496] were released on probation, and priest Zhu Hongsheng [2612 3163 5116] was also released on probation. These acts on the part of China indicate that China was compelled to make some concessions to the international community in the matter of domestic human rights, and this is also indicative of progress in China. Of course, all this makes all those of us very happy who are concerned about the future prospects of China. And among these acts we are happiest about the release of Wang Xizhe, while still remaining somewhat apprehensive.

Proceedings in Wang's Case 12 Years Ago

I have never personally met Wang Xizhe, but his arrest and conviction is possibly to some degree related to CHI-SHIH NIEN-TAI, the predecessor of CHIU-SHIH NIEN-TAI, because a considerable portion of the articles which he had published in underground publications in Guangzhou were republished in the CHI-SHIH NIEN-TAI and thus spread around the world. In particular his article "Mao Zedong and the Cultural Revolution," a comprehensive review of one period in the history of the CPC, which we reprinted in February of 1981, was considered proof of "counterrevolutionary propaganda." In March of 1981, the Central Committee of the CPC issued its Document No. 9 in which it decreed suppression of all non-government publications. On 20 April, Wang Xizhe was arrested. Thereafter, university and college students from Hong Kong visited Guangzhou and Beijing for over one year, interviewing people and making inquiries, without

getting any relevant information. Among these efforts there was also the visit of Liu Shanqing [0491 1472 7230], a Hong Kong engineer, in December of 1981 to Wang Xizhe's family; he was then also arrested. Early in May of 1982, the students associations of Hong Kong University and Hong Kong Chinese University again went to Beijing to enquire about Wang Xizhe's condition. It is quite possible that it was due to the concern expressed by people outside of China, that Communist China one year and one month after his arrest, on 29 May 1982, finally brought Wang Xizhe to trial and sentenced him to 14 years in prison, with deprivation of political rights for four and a half years. Some of the accusations against Wang Xizhe were that he "sabotaged enforcement of state laws and decrees." This refers to his sending a letter to the deputies of the NPC about the arrest of Liu Qing [0491 7230]. Then also that he spread "counterrevolutionary propaganda," of which the "most incriminating" was his "Mao Zedong and the Cultural Revolution." We understand that the severity of the sentence was said to be due to his being "of considerable danger, with many connections and many publications."

Examining Wang Xizhe's Theories

At the time of his arrest, Wang Xizhe was 33; his ancestral home was Sichuan, but he grew up in Guangzhou. In 1973, at the time of the cultural revolution, he, signing as Li Yizhe [2621 0001 0772], together with Li Zhengtian, Chen Yiyang [7115 0001 7122], and Guo Hongzhi [6753 7703 1807] wrote a "big-character poster," entitled "On Socialist Democracy and the Legal System." In 1974, he was for the first time criticized and denounced. In March of 1977, after the demise of the "gang of four," he was arrested and jailed. At the end of 1978, he was released and rehabilitated. After his release from prison he devoted himself to investigations of Marxist theory, trying to find a theoretical basis in Marxist theory for a democratic development in China. The following are his subsequent writings after September of 1979:

"Exerting Ourselves for the Class Dictatorship of the Proletariat"; "The Direction of Democracy"; "A Letter to the Delegates of the Fifth NPC on the Case of Liu Qing"; "The Proletarian Dictatorship Is Dictatorship of Humanity; Mao Zedong and the Cultural Revolution." All these articles have been reprinted in CHI-SHIH NIEN-TAI, and I have also written introductions to them. In July of 1981, the Chishih Nientai Publishing Company brought out a collection, under the title *Collection of Articles by Wang Xizhe*.

Wang Xizhe's theoretical inquiries, in their meaning for us who for a long time have believed in socialism as a theory for a just and human society, have undoubtedly helped us to extricate ourselves from the perplexities of the cultural revolution, and to again regard Marxism and socialism as something basically good, and as merely having gone astray on its road to the proletarian dictatorship. How did it go astray? Wang Xizhe pointed out quite a few important points, and as the most important

among these he pointed out that although in the beginning the dictatorship of the proletariat had unavoidably to be represented and implemented by the ruling party, but that there had been two alternatives in future developments: One would be that the dictatorship of the party would gradually become bureaucratized and in the end become dictatorship of a small minority of vested interests. The other alternative would be for the party dictatorship to gradually, through an expansion of democratic rights, have the party transform itself into an organ of ideological leadership, while the adoption of democratic forms would have the entire proletariat gain administrative controlling powers and thus realize a true class dictatorship. The former alternative would have the effect of the proletarian dictatorship engendering a state of "alienation" (i.e. development of a political party out of the proletariat, and having that political party only caring about its own privileges, and ultimately becoming a class of special interests that would oppress the proletariat).

In the tenets of Marxism, Wang Xizhe found humanitarianism, the theory of alienation, Paris Commune-style democracy, etc., which restored our confidence in socialism. His arrest and prison sentence, and the later development of a class of special interests in China, has us believe that even though the objectives of socialism are good, the ways in which they are being achieved are very questionable. Wang Xizhe's hopes that the political party, which had already become bureaucratized, would voluntarily abandon bureaucratization, abandon the political privileges which it had grabbed, and voluntarily promote democracy, have really been naive.

Again Seeing the Wang Xizhe Spirit and Demeanor

It has been 12 years, and although I have never personally met this man and also not corresponded with him, I feel somewhat of one mind and spirit with him. After his arrest, I have made many appeals on his behalf, but of course all without the slightest effect. But in all these 12 years I could never forget him. On the day when he came out from prison, I saw his spirit and demeanor on my TV screen during the broadcast by Hong Kong TV. He had completely white hair and looked quite different from what he looked as the young man before he entered prison. However, he still had his bright piercing eyes, his clear and precise speech, not at all like a political prisoner who had endured 12 years of solitary confinement. How could he preserve his vivid mind?

He emphasized that he was not guilty. According to the Chinese laws, a criminal who does not admit his guilt must not be released on parole. For 12 years, he had continuously appealed against his "criminal sentence," even as much as 40 times. Even after his present release on parole, he will continue to appeal, and he believes even if it takes a hundred years, justice and truth will prevail and finally result in his rehabilitation.

He also indicated that he disagrees with Westerners who call him a "political dissident." In his opinion, if he were

a "political dissident," that would mean that he had always opposed everything that the CPC Central Committee said and did. He has actually never ever been like that. He approved whatever the Chinese Communists did right, and he would criticize whatever the Chinese Communists did wrong, and as to whether he had chosen the right or the wrong way to criticize, that is still another question.

Later, a TV reporter interviewed me and asked me to explain Wang Xizhe's theories. The reporter mentioned that when she had seen Wang Xizhe in Guangzhou, Wang had enquired from her about me and asked them to transmit his greetings to me. A reporter of the Hong Kong-based LIENHO PAO, Zhong Huilian [6988 1920 5571], brought me the same news. That made me wonder whether I could have a telephone conversation with Wang Xizhe.

After Release From Prison He Intends to Undertake Railway Construction

There is no telephone in Wang Xizhe's home. From a colleague I got Li Zhengtian's telephone number and phoned him asking him to get me an appointment with Wang Xizhe. The next day, Li Zhengtian told me that Wang Xizhe is still considering whether or not to have a telephone conversation with me. This I can fully understand. Moreover, I also did not intend to do an interview with him, merely to have an informal talk, hear about his health and his life after coming out from prison. But these things I had more or less already heard from Li Zhengtian.

Li Zhengtian told me that in the two weeks after his release from prison, Wang Xizhe's health had obviously improved and he was also in good spirits. He also had dyed his hair which makes him appear young. Li Zhengtian said that as soon as his hair will have grown longer and he will look smarter, he, Li Zhengtian, will draw a picture of him.

These 12 years, Guangzhou's society has greatly changed, and living standards have markedly improved. Wang Xizhe's wife, Su Jiang [5695 3068], is a worker. Her income is not very good, but in this respect there have also been great improvements in the last 12 years. Wang said that when he came out he felt like a country bumpkin, because now they have an electric refrigerator, a water heater, and a television set at home, all the things he had never imagined before. Li Zhengtian said, Su Jiang is a wonderful person, a remarkable woman. Some of Wang Xizhe's friends have good incomes and all want to help him. He now talks of installing a telephone, and Li Zhengtian says he can help him.

Wang Xizhe is now looking for a job, which is expected not to be too difficult a task. He now talks of going into industry, intending to build a railway. He thinks Guangdong Province still needs a railway between Guangzhou and the northwestern region of Guangdong Province. He has stayed 12 years in the Huaiji Prison in the northwestern region and more or less knows the needs of that region. There are already railways from Guangzhou to the south, to the northeastern region of Guangdong

Province, and to the west, to Zhanjiang City, but there is still no railway to the northwest. He said he wants to participate in building that railway, get a group of people together, take part in the planning, and solicit investments. His ideas are really most fascinating.

A Person Who Never Stops Questioning Himself

Wang Xizhe strictly respects the legal system. The sentence against him was a mistake; up to today, he still does not admit having committed a crime, and he will continue to appeal against the verdict. However, he also respects this verdict, perhaps out of the legal concept that a bad law is also a law. He reports once every month to the police station. He observes the fact that he has not yet regained his political rights, therefore, for the time being, is declining interviews regarding his political opinions. He said, "if you want to know my political opinions, come to see me on 20 October 1999." That is the day when the additional penalty of deprivation of political rights for four and one half years will expire.

Li Zhengtian said that after coming out from prison, Wang Xizhe shows sagacity and self-confidence. Li Zhengtian mentioned to him that the social changes that we have experienced these 12 years, can one possibly relive them again. What problems have had the people's attention during these years? Do you know what TV shows during that period of time have had influence on how many people? Do you know what books people have read during that time? What problems had the people's attention and what problems did not have the people's attention? Li Zhengtian suggested that after coming out from prison he use some time for a realistic and perceptive understanding of society.

Li Zhengtian said that Wang Xizhe had read newspapers when he was in prison, and that he was quite apt at recognizing problems by reading between the lines. But only a very limited number of books and newspapers had after all been available in prison. However, there is one good point about Wang Xizhe, namely that out of a sincere motivation, he will always engage in self-examination with regard to his writings. He will regularly practice self-examination. Any mistakes he will correct, and anything that is right he will firmly uphold. Even now he still believes in his theory—Can a true class dictatorship be engendered by a dictatorship of the proletariat through democratic processes? "One has to admit that some changes might be called for here," says Li Zhengtian.

However, Wang still openly proclaims his support for the socialism practiced by the CPC. He also supports the present policy, and he always denies that he is a "political dissident." He even persists in respecting the penal laws that led to an erroneous verdict. He has always been law-abiding. In the past, he had only written articles, and, furthermore, had written along the line of Marxist thought, as propagated by the Chinese communists, still he had violated the great taboo, because those members of the CPC who held all powers in their hands did not really believe in Marxism, all they believed in was power.

Wang Xizhe used the true lance of Marxism against the shield of false Marxism of the CPC. He thus violated the great taboo, and created the most prominent case of a "literary inquisition" since the CPC's reform—a case of having written articles with a pure cause, never having engaged in any action, and of still becoming implicated in a political crime.

In theoretical respects, Wang Xizhe will have to do some new intensive studies. If he should still believe in Marxism, I respectfully wish he could broaden out somewhat his renewed assiduous studies.

Former Editor on Crisis Facing Intellectuals

93CM0245A Hong Kong CHING PAO [THE MIRROR] in Chinese No 3, 5 Mar 93 pp 56-59

[Interview with former JINGJIXUE ZHOUBAO editor, Mr. He Jiadong (0149 1367 2767), by Ting (Ding) Sheng (0002 0581); place and date not given: "Bourgeois Liberalization Vs Lumpen-Proletariat Liberalization"]

[Text] The 14th CPC Congress set the establishment and development of a socialist market economy as its economic-reform goal model. In correspondence with this, it has also listed political reform on the agenda. But while the CPC's economic theory breakthroughs, starting with Sun Yefang's [1327 0396 2455] presentation of the profit principle, have been underway for as long as three decades, it is not yet clear what goal model its political reform will take. And while Deng Xiaoping set forth in August 1980 the political-reform goal of "separating party affairs from government administration," it has still not been implemented despite repeated attempts. The debate over humanitarianism came to a premature end, while that over neoauthoritarianism was ended without difficulty. Since the 4 June incident, the theoretical study of human rights has become a hot topic. The political-reform program of "converting government functions, and cutting back redundant civil-service staffing" is now being put into effect. Both Chinese and foreigners are paying much attention to all of this. The current policymaking procedure should be for academics to clarify principles, specialists to formulate plans, and the government to choose and implement the best ones. But until the principles on what is to be changed and how it is to be done have been publicly clarified, there are bound to be vicious cycles of devolving authority to lower administrative levels and then taking it back, and civil service restaffing following on the heels of completed cutbacks. In light of this, I recently issued a special invitation to Mr. He Jiadong to express his views on such matters. The following summary of that interview is offered to our readers.

Mr. He Jiadong is known to many, who call him according to their own inclination Old He, Teacher He, or Mr. He, which choice of title is of no matter to him. Whether reading, writing, checking other's manuscripts, or just passing the time of day, Mr. He always has a happy smile on his face, with a dignified shock of white hair perched on top of his broad forehead.

After He Jiadong retired as editor in chief of the literary monthly KAITUO in 1984, he became editor in chief of JINGJIXUE ZHOUBAO (ECONOMICS WEEKLY) in 1988 at the invitation of the China Economics Group Joint Association. This publication became equally famous with SHIJIE JINGJI DAOBAO (WORLD ECONOMIC REPORT, edited by Qin Benli). It not only enjoyed a wide readership among intellectuals and ideological theorists because of its theoretical style of rigorous respect for freedom, but also became even more so a publication of extraordinary interest to leading figures in China's decade of reform, such as Hu Yaobang and Zhao Ziyang, due to its facing up to reform realities, making China's economic development its mission, and emphasizing workable and positive studies. But after the "4 June incident" in 1989, its publication was suspended, leaving He Jiadong in retirement at home. While seeing his students and friends subjected to unredressed injustice was a great pain to this old fellow, all of those who ran into problems at that time were able to find help from Mr. He Jiadong. He urged those both in and out of prison to study diligently, telling them that neither his theories or China's reforms were dead. He told them that all books worth reading deserved to be studied well. He helped the hungry to find jobs and the ill to find medicine and doctors, even to the point of starting lawsuits and introducing lawyers. All literate people at the time regarded him as their friend.

Mr. He also kept mental accounts, with a clear mirror in his mind of mainland China's decades of theoretical struggles and grievances. Those in the know with time on their hands may go to him to leaf through these accounts.

The following is an account of my most recent interview with him, H being him, and D me.

Are Intellectuals Facing Yet Another Crisis?

D: Since Deng Xiaoping's southern-tour speeches, mainland China's economic and social conditions have changed sharply. Are mainland Chinese intellectuals facing yet another time of opportunity and choice? Some are recalling the tragic fate of Chinese intellectuals in a highly politicized society. What is your view?

H: Now is a time of commerce, with intellectuals going into business one after another. The government's "lifting a corner of the net to let some birds back into the forest" is helping to dampen the political awareness of intellectuals, essentially reversing the traditional Chinese literati mindset of respect for intellectual pursuits and disdain for commercial profit, and perhaps also being a new form of intellectuals "getting in touch with workers and peasants." The first to bring up this matter in JINGJIXUE ZHOUBAO was Zheng Yefu [6774 0048 1133]. In order to change anything but splendid condition of intellectuals in a highly politicized society, the best way is to divide them, with the division of intellectuals accompanying social disintegration. Intellectual initiative cannot rely on so-called implementation of intellectuals policy, and even less so on the implementation of quantitative equalitarianism. The

reason why large numbers of intellectuals went to the aid of the border regions in the 1950s, in addition to their indoctrination in revolutionary ideals, was that wages in border regions were much higher than in the interior. Wages are now higher and growth opportunities greater in coastal zones, so that intellectuals are flying off to them like peacocks heading south. This is a matter that cannot be resolved by executive order and patriotism alone.

The central government's current "streamlining of administration and devolving of authority to lower administrative levels" hearkens back to the former "better staff and simpler administration." But the loss of talent is the beginning of the loss of power. During the Spring and Autumn and Warring States periods (770-221 BC), whatever state had the most talent of the highest quality was the most powerful. An example that all are familiar with is the rush of intellectuals to Yan'an in the 1930s and 1940s, which eventually resulted in the change of regime.

D: But according to the liberalist view, the separation of powers, particularly in a highly politicized society, is the exact prerequisite for the emergence of a liberal (free) social climate.

H: The liberalist position is that public power should not only be carved up, but also delimited. Of course, the criticism of liberalism by the current crop of "imperial scholars" is at its lowest level. Hsu Weicheng [1776 1919 6134] wrote a novel criticizing the naive "liberalization deviation," which became a TV series in the last scene of which there is a huge traffic jam at an intersection, with the drivers all refusing to yield, blowing their horns, and shouting "I want to be free." Such things make one suspect that the theoretical capability of some theorists is probably only at the level of an immature and childish mentality.

On Mao Zedong's Anti-Liberalism

D: Mao Zedong's theories were opposed to individualism and liberalism. He set forth these theories aimed at the demands of the military status quo during a period of extraordinary class struggle. His methods of uniting wills and actions, while eliminating selfishness and making people into tools, ran counter to human liberation.

H: I have experienced the consequences of organizing economic activities through military methods, which is foolhardy. Mao Zedong's judgement of liberalism, that it came from the West and was linked to the U.S. and imperialism, was correct. While he pointed out on the eve of the founding of the PRC that "individualistic democracy" was the old democracy standing in opposition to "people's democracy, democratic collectivism, democratic centralism, collective heroism, or internationalist patriotism," i.e., bourgeois democracy, he still generally saw individualistic democracy as a middle-of-the-road force. He said that those with democratic individualistic ideas disagree with, do not strongly endorse, are dissatisfied or partly dissatisfied with, or

even are averse to certain communist policies which, under certain historical conditions, are expressed as an intermediate political position, favoring a third route in the U.S.-Soviet and KMT [Kuomintang]-CPC conflicts. But he said that once political power was won, this "individualistic democracy" would be pushed aside step by step by the thrust of "continuous revolution," first by focusing on the remolding of intellectuals and criticism of bourgeois liberalism. His criticisms of Hu Shih [5170 6624], Hu Feng's [5170 7364] literary ideas, and even of Wu Xun [2976 6064], were all attacks on liberal intellectuals. By 1957, he had cut them off completely, polarizing intellectuals ideologically and politically, and turning them into (class) enemies. Zhou Yang [0719 2254] made the famous statement that individualism is the root of all evil. And then this mindset of "struggle between ourselves and the enemy" was extended to the so-called bourgeois representative figures, with the democratic faction becoming the capitalist one during the cultural revolution. The thinking was still unclear after the Third Plenary Session. Hu Qiaomu [5170 0829 2606] defined democratic individualism as bourgeois liberalization, as follows: "Going all out to propagate, preach, and strive for capitalist-style freedom and bourgeois things, such as parliamentarism, the two-party system, competitive elections, bourgeois freedom of speech, publication, assembly, and association, bourgeois individualism and to a certain extent anarchy, the capitalist ideas and actions of worship of money and all for profit, the bourgeois lifestyle, vulgar interests, and ethical and artistic standards, and the worship of the capitalist system and capitalist world, "attracting" or infiltrating these things into China's political, economic, social, and cultural activities, denying in principle and opposing and sabotaging China's socialist cause, and denying, opposing, and sabotaging the leadership of China's socialist cause by the CPC. The social substance of this line of thinking is a conscious or unconscious demand to break free from the socialist orbit politically, economically, socially, and culturally, and to practice the so-called free (liberal) capitalist system." (*After the Third Plenary Session*, p 906.) He seems to have forgotten here his advocacy for "the true socialism," just as Marx and Engels in the *Communist Manifesto* criticized urban petty bourgeois socialist thinking. They exploited every opportunity to "use the traditional method of cursing unorthodox opinions to damn liberalism, countries with representative systems of government, capitalist competition, bourgeois freedom of the press, and capitalist laws, freedom, and equality." (*Selected Works of Marx and Engels*, Vol 1, p 279.) This is absolutely disgraceful.

D: They believed that freedom and democracy did not have widespread value, but were simply subordinate to capitalism.

H: Their stand for democratic collectivism essentially denied human independence. "The further we move forward in history, the more the individual, that is the productive individual, seems to become less independent and more subordinate to a larger whole. This was

first quite naturally a process of the family expanding to the clan family, and then the conflict and merging of clans to produce various forms of communes in which, only by the 18th century, in "urban society," did the various forms of social integration, as far as the individual was concerned, reach their private ends and means and become an external inevitability." (Ibid, Vol 2, p 87.) Denying human independence and acknowledging only that the individual is subordinate to the collective, takes "means" as the end and external inevitability as inherent human nature, and is an abstraction of humanity that makes it inhuman. In other words, it subordinates the individual to a "greater whole." Such collectivism is nothing more than what Marx called a replacement for the clan society and system. An overly sensitive person might suspect that comparing these two things to the point where people are judging feudalism, is attacking socialism and propagating democratic individualism.

The Need to Criticize Lumpen-Proletariat Liberalization

D: Does not it seem that "bourgeois liberalization" was Khrushchev's concept?

H: Khrushchev criticized the policy of "letting a hundred schools of thought contend and a hundred flowers bloom" as bourgeois liberalization, saying that Mao Zedong was using it to "lure the snakes out of the pit," which the common people exclaimed as showing wonderful foresight. When this term became popular again in China in the early 1980s, it was broader in concept, without defined substance or implications. From politics, economics, culture, and ideology to lifestyle and individual interests, and from values to the betrayal of national sovereignty, it covered everything, being unlimited in implication and as a matter of principle. As to the social setting in which this concept was set forth, it was generally aimed at socially chaotic phenomena. Some regarded all actions, such as spreading rumors to confuse the masses, homicide and arson, bombings, burglary and theft, rape and gang rape, and even smuggling and tax evasion, profiteering, bribery, excessive issuing of bonuses, forcing up of prices, and taking bribes and perverting the law, as expressions of "bourgeois liberalization," or as reflections of varying degrees of class struggle among the people. But I believe that if we must stick a political or class-struggle label on such essentially different and diverse social phenomena, then it should be anarchist tendencies. I do not know what dictionary was the source of the term "bourgeois anarchy" put forth by Hu Zhou [5170 6188] during the cultural revolution, as anarchy and the bourgeoisie are irreconcilable. Anarchy is a feature of the lumpen-proletariat, while the bourgeoisie requires government, and good and stable government where powers are limited at that. Wherever chaos and social instability appear, capitalists do not go to invest and capital flows out. As capitalism is characterized by all for profit, capital dies when there are no profits to be made or new value to be produced. As the lumpen-proletariat does unprofitable business over and over, even having to sustain losses, it is essentially

engaged in gambling. The many mistakes that have been made in China's economic development were the consequences of such a gambler's mindset. So if we must criticize "liberalization," it should be lumpen-proletariat liberalization. When we discuss issues, we must always define the implications of our concepts, instead of talking nonsense. The bourgeois thinkers' stand for democracy and law, and for freedom and order, is of benefit to themselves as well as to others. This is part of the legacy of human civilization. The proletariat could only create a new civilization on this basis. Revolutionary politics is not democratic government, but rather power politics needing no legal recognition, in that the victors are the revolutionaries and the losers are counterrevolutionaries, and might makes right. Revolution and law are diametrically opposed concepts, in which area we cannot make a tenable case. As we propose opposition to might on one hand, while calling ourselves a revolutionary country on the other, and denying that we have political prisoners, just who is it that we are making revolution against? And there are similarly no grounds for believing that bourgeois liberalization already poses a real threat to our national sovereignty, as it is only the government that has the power to either protect or betray our national independence and sovereignty, which is also expressed in the policies drawn up by the government alone. When the government is "liberalized," the people have no way to act against it, as the common people certainly do not have this power. If the common people wished to sell the bastions of our country, no one would sign such a contract with them. So it is obvious that in opposing liberalization, it is government liberalization that we must oppose, as it is only the government that is qualified to practice liberalization.

So I believe that the refusal since the founding of the PRC to make lumpen-proletariat anarchy a target of criticism, focusing instead on remolding some sort of bourgeois thinking among intellectuals, has been an unreasonable act, resulting not only in bringing chaos to our whole country, but also making it impossible for the revolutionary party to be elevated as the ruling one. Regretably, many people certainly do not yet understand what was wrong with this. Anarchy and liberalism (freedom) are actually two diametrically opposed things. Liberalism has been the grease for society's wheels. The cause of the poor current lot of liberalism is that it is actually an intermediate force. The political development ends that liberalism strives for are freedom and order, i.e., it opposes both despotism and anarchy. Mao Zedong's words have been interpreted to mean a vigorous political situation of centralism with democracy, discipline with freedom, and unity of will with individual ease of mind. And while Mao Zedong summed up the way to rule a country in the two words of freedom and restraint, freedom has always brought chaos and restraint stifling, so that his imagined political situation has never appeared. But we cannot write him off because of this as just a utopian poet, as all societies are threatened from two sides, i.e., by chaos and enslavement. As either too much freedom and noninterference creates a

state of anarchy leading to social disintegration, or too strong discipline causes rigidity and stagnation, individual freedom and social stability are forever in a state of conflict. So a statesman must establish a mechanism to search for the right balance between freedom and order, in order to avoid such unending vicious cycles. And liberalism strives to present a choice between anarchy and autocratic dictatorship. Rousseau said in an analysis of the spiritual essence of liberalist doctrine that: Liberalism essentially attempts to achieve social order without irrational dogmatism and, except for preserving the necessary social restraints, does not use further restraint to ensure social stability. What is needed generally is harmony instead of division, cooperation instead of opposition, and tolerance instead of retaliation. In short, instead of using violent means to resolve ideological and political differences, it is necessary to employ the method of moderation at the minimum cost to make social advances. As liberalism opposes intense emotion and emphasizes science, utility, and reason, trying to designate the respective relations between the government and individuals and among individuals, by setting appropriate limits, instead of endorsing either absolute authority or blind obedience, it sees both forceful control and too loose restraints as being adverse to social cohesion. Social life proves that the human intellect has not yet found a more desirable method. While it may be said that during wartime, liberal thinking has the effect of keeping the people from rising up in revolt, so is adverse to revolution, once political power has been won, it is a good way of avoiding turmoil. As the current need is for order instead of freedom, an absolutely static balance is in fact not achievable. Liberalism is ill-fated in certain countries with centralized power precisely because it opposes autocratic rule, making it very hard to be endorsed by such rulers. As it advocates order and rule by law, the lumpen-proletariat cannot accept it. This leaves liberalism under a pincer attack by extremists on both poles, making it hard for the country to achieve lasting order.

Socialism Is a Value System

D: As liberalism is so ill-fated in mainland China, does this mean that it is not very well suited to mainland Chinese society?

H: I think not. Deng Xiaoping pointed out in his southern-tour speeches the need to assimilate the achievements of all human civilization. While such words were also spoken by leaders all the way from Lenin to Mao Zedong, their current reiteration has a new significance, as they no longer make capitalism and socialism incompatible ideologies. The Chinese study of the West can be divided into the following three stages: 1. The technology stage, in which factories and railroads are built; 2. The organizational stage, in which management and administration are studied to break into world markets, which is now underway; 3. The value stage. That the ideas of liberalism are once again becoming attractive to Chinese intellectuals shows that China's learning from the West has entered a mature stage. But

while all are concerned about political reform being stalled, I believe that the more important thing is to clarify what is to be changed, how to change it, and the possible positive and negative effects of reform. Without clear heads, political reform can turn into a great demonstration of trial by error. The current problem is that while academics have not yet clarified principles, the government is acting under pressure to rush out certain reform plans. It seems that this is not a conscientious approach. If we do not want to land in a state of blind formalism, then opening up to freedom of speech is the first step toward making orderly progress. "Acting first and speaking about it later" is irresponsible.

D: Will not the rise of liberalism lead to the collapse of socialist and communist ideals?

H: No! Liberalism can only add vitality to socialism. Brezinski wrote a book called *The Great Failure*, predicting that by the next century, communist "practice and principles will no longer be of any concern to the human race." I believe that this is a bit sensational, in that what will collapse will not be socialism, but rather a certain social model that is out of keeping with the times. Socialism is a value system, making yardsticks of basic principles, such as freedom, equality, and social justice. As long as humanity thirsts for justice, socialism will never die. The former communist countries have broken up, with nationalism spreading unchecked, and the emergence of many new chieftain countries and clan tribes. Until the human race understands that ethnic equality is a higher value than national self-determination, we are destined to experience even greater disasters. Any country, nationality, religion, race, or class that tries to place its own particular values over the common values of the human race, in order to satisfy its own vanity, will ultimately fall into an all-engulfing "black pit." But just as Marx said, "many stages must be undergone to finally put old lifestyles into the grave." The belief of some that socialism is done for is due precisely to their lack of a sense of history. From the perspective of the course of world history, the reforms in communist countries could be compared to Europe's Renaissance and religious reform movements. While religious reform had horrible short-term effects, resulting in 130 consecutive years of religious wars, it was precisely this reform that liberated human thinking, stimulated creativity, and laid the ideological foundation for the development of capitalism. And as the 21st century is going to be one of the merging of all human civilization, who can say that Deng Xiaoping might not become the Martin Luther of Communism?

MINZHU YU FAZHI Survey on Rampant Prostitution

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[Summary of article originally published in the February 1993 issue of Shanghai's MINZHU YU FAZHI

[DEMOCRACY AND THE LEGAL SYSTEM] by Mao Lei (3029 4320): "Official Publication's Survey on Prostitution"]

[Excerpts] Editor's note: This is a report on a social survey taken by Shanghai's well-known official publication. It shows that prostitution is quite a serious social problem on the Chinese mainland. For publication in this magazine, the report was slightly abridged. [end editor's note]

In recent years the phenomenon of prostitution has inundated many provinces and cities in China, particularly the large-, medium-, and small-sized cities in coastal and remote border areas and in industrial and mining enterprise areas. In some open cities prostitution is even more rampant.

Because of the spread of prostitution, syphilis and gonorrhea which had been stamped out long ago, has begun to reappear directly polluting society and threatening people's health. [passage omitted]

At present the trend in development of prostitution is to develop from "points" (coastal cities) to "areas," thereby extending toward the interior. Among some prostitution rings there has appeared a division of work and a cooperation, thereby forming certain spheres of influence. On regional lines prostitutes have formed the so-called "Harbin gang," "Hunan gang," "Sichuan gang," etc., for mutual protection and mutual solicitation of clients, and the profession of prostitution is gradually maturing. Their methods have become more skillful, and they use legitimate trades as covers and operate in a concealed manner, thereby creating certain difficulties for effecting a crackdown on prostitution. [passage omitted]

Currently the status of the greater part of female prostitutes is different than that of the prostitutes in the old society. According to the survey, only a tiny minority of these women were forced into prostitution because of poverty or because of natural or manmade disasters. Shanghai's survey shows: 70 percent of the prostitutes are teenagers under the age of 20, and 63 percent of the female prostitutes are staff or workers in legitimate occupations who have a fixed income. Among all prostitutes, 60 percent are repeat offenders and 70 percent are unmarried.

The greater part of female prostitutes are staff and workers in legitimate occupations who have a fixed income. Because their wage income cannot satisfy their excessive demand for material enjoyment, they sell their flesh for money and goods. In Shanghai a woman worker, who has been appraised as an advanced producer in her factory, often in the evening goes to a seamen's club, where she seduces foreigners. She thinks that "10 yuan a night is more than a bonus, and can be recreation." She considers prostitution a sideline and a sparetime treat.

Although some female prostitutes are unemployed, the majority of these women could work or study and their

home life is not difficult. Their actions are unrestrained, they have no place to expend their energy, and they lack mental ballast. Poisoned by the bourgeoisie's decadent ideas and culture and its lifestyle, they want "to stay in guesthouses, eat at banquets, ride in cars, use imported goods, and spend foreign currency." Thus they degenerate into prostitutes.

Most present-day prostitutes are "willing" and "spare-time pleasure-seeking" females. Some are ignorant young women who, because they were cheated or duped by others, took a wrong step in life, thinking that they have already lost their chastity and writing themselves off as hopeless; therefore, they act recklessly and become prostitutes. There are not many women of this type.

Some young women come from the rural areas into the cities to work in industry and commerce. They have little education, and their ability to distinguish right from wrong is weak. They long for city life, are too idealistic, and easily lose their chastity because of love. Therefore, their behavior is unconventional and unrestrained, and in the end they take the path of prostitution.

Still other young women are university students and graduate students who have a fairly good education. Because of the corruption of Western capitalism's decadent trends of thought about "sexual freedom, sexual revolution, and sexual liberation," they, in search of sexual stimulation, disregard moral integrity and, lacking a sense of honor, have sexual relations with foreigners. Some of them, employing the method of "casting a long line to catch a big fish," seek to marry foreigners in order to get to the "Paradise" in the West. In Shanghai, several female students of the chemistry department in a certain university, and several young women who had been expelled from a certain college, willingly ganged up with Pakistani seamen, and many times brought foreigners twice their age to their homes for sexual intercourse with the aim of leaving China.

Someone has estimated that now about half the prostitutes are girls between the ages of 15 and 19, and that 80 percent of all prostitutes are 20 years old and younger. [passage omitted]

The price of a prostitute is becoming higher and higher, and the trend is for prostitutes to demand more and more money or goods.

When the current wave of prostitution began, the price per evening was generally several yuan or several dozen yuan; under present circumstances, the price has risen as high as one thousand yuan a night. The price offered by their clients has also gradually risen. A client employed by a company in Guangdong Province once paid a prostitute 1,000 yuan for one night and in addition gave her a four-speaker recorder. In their home a mother and her two daughters made a living of prostitution, and a phone in their home provides a link to their clients. After they were tracked down and arrested, 50,000 to 60,000 yuan were found in their home.

It is said that at the Nanyao Railroad Station in Kunming City, Yunnan Province, prostitution has developed to a point that its prices are clearly marked. In mid-summer some women wearing short skirts have corner stickers or square stickers on their silk stockings that show unequal numbers (the codewords for shady deals are one jiao equals one yuan and one yuan equals one hundred yuan), which are their prices and which are also a sign that they are prostitutes.

In Chongqing City a woman named Liang [2733] is a prostitute. For one act of prostitution she charges at the least 300 yuan and at the most 1,050 yuan. Also, she stays in high-class guesthouses for long periods of time. When the police arrested her they found on her person a banknote in the amount of 7,000 yuan and a little over 2,000 yuan in cash and foreign currency. Liang, 18 years old, is a worker from Nanchuan County, Chongqing. She is at the female sex's best age and is fairly good-looking.

Ceng Yunyun [2582 5366 5366], a 21-year-old girl from Shanghai, went to Guangzhou City on her own, and the price she set for her first act of prostitution was 1,200 yuan. Her client, a Hong Kong businessman, left her 1,500 yuan, 300 of which was a tip. This amount of money was equal to her former annual income, and now she gets it for only one hour's work. One day she sold herself at a price of 800 yuan a night to a supply and marketing cooperative agent from the northeast, and they made an appointment to meet in half an hour. But when the cooperative agent arrived at the designated place, she was pressed to the bosom of a Guangdong man. "You want to spend a night with me for 800 yuan? Elder Brother here will pay 1,000 yuan." The man from the northeast said: "I'll pay 1,500 yuan."

Like the auction of an item made by an artisan, the two clients began to bid. "I bid 2,000 yuan." "I bid 2,500 yuan." In the end the Guangdong man won Ceng Yunyun at a price of 8,000 yuan. This is a true story.

In Chengdu City, Sichuan Province, a history teacher named Mei [2734], took prostitution as a second profession, because prices were rising and her salary was small. In only a short three months, she went from being seduced for the first time by someone else to taking the initiative in prostitution. In this period of time, she performed more than 30 acts of prostitution, for which she got a total of a little over 700 yuan. She made "four no-sale" rules for herself, such as if she was busy in her own proper work there would be no sale; if she didn't feel well there would be no sale, if she was in a bad move there would be no sale; and if she couldn't bear the sight of the potential client there would be no sale. Unlike other female prostitutes, she didn't ask exorbitant prices: her usual price was 10 yuan for one act, and her highest price was 70 yuan for one act. When the police asked, "If you get yuan would you consider this a small amount?" she replied: "I'm an organization cadres and my salary is small. I get several yuan each time I teach a class, so 10 yuan is not a small amount." She said: "At present prices are rising and everything is expensive. Not only am I

looking for a little money as a subsidy, but also what I do is something that both parties want to do. By getting money I make my life more comfortable and I don't lose out."

Mei has a higher education, and her husband is a lecturer at a certain university in Chengdu. When the police asked her, "Do you think that this behavior of yours harms your husband and home?" she replied, "I think it neither harms my home nor lets my husband down, because the money I make is used to supplement my home's expenditures." [passage omitted]

Female prostitutes often, in all sorts of ways—making friends, talking about love, visiting relatives and friends, looking for dance partners, looking for work, and talking about business—make direct contact with prospective clients at railroad and bus stations, docks, dancehalls, theaters, and other public places.

The procurers and procuresses of underground brothels provide female prostitutes, who have been seduced or jilted, with a place to stay or hide out, or introduce them to prospective clients staying in guesthouses, inns, and hotels, for which they collect a "bed fee" and "introduction fee." In Guangzhou City many prostitution rings differentiated by native place have been discovered, and their perniciousness is greater than that of single female prostitutes.

Members of gangs of hooligans force females who have been seduced and deceived into prostitution. For this they collect fees. Or else they introduce a female hooligan in their gang to a prospective client, and then use the trick of catching the client in the act of adultery to blackmail him, and afterward they and the female hooligan prostitute split the loot.

Also, drivers of taxicabs act as "panders" by providing the means of transport that take clients and prostitutes to brothels located outside a city, for which they get a fee. In Guangzhou the following situation has appeared: some female prostitutes and their clients, fearing discovery by the police, give the taxicab driver an additional 30 yuan for letting them stay in the taxicab for an hour.

Now, the ways of prostitution and whoring are varied, and there is a tendency for them to develop from liaisons at secret private houses to liaisons at public places, to develop from the "dark" to the "bright."

In Guangdong, Fujian, and Hainan in recent years sauna bathhouses, massage parlors, and hair styling shops have been the scene of licentious activities. Many of these places do their business at night, and some of them stay open all night. It is reported that some females who give massages don't understand the main and collateral channels and the acupuncture points of the human body, and don't understand the techniques of massage. Some masseuses openly say: "We don't need to understand medical skills; we only need youthful good looks and then we can get by by rubbing and kneading at random." A small number of unlicensed prostitutes use their opportunity

as masseuses to contact male customers, and after reaching a satisfactory price go outside to commit the act of prostitution. In Haikou City, Hainan Province, police cracked down on the "Lusheng Hair Stylists," which is a combination of a hair stylist shop and a massage parlor. Lu Xiusheng [4151 0208 3932], the proprietor, had hired 11 young women who, in a small room behind the back door of the hair stylist part, gave massages. The massage girls wore skirts but no underpants, and the men being massaged were naked. This hair stylist shop actually became a place for prostitution and whoring.

In some counties in Guangdong the fashionable way for social intercourse and receiving guests is: with public funds pay for a leader's massage, for which one hour requires 40 or 50 yuan, and one massage takes several hours and sometimes even a whole night. [passage omitted]

Currently the patrons of brothels are composed mainly of the floating population of China and abroad that lack an organization: some businessmen and tourists from foreign countries, Hong Kong, Macao, as well as Overseas Chinese and foreign seamen. These people who come to China have no one to control them, are free to act as they please, and have money to burn. They lack mental ballast and have vulgar interests. They go to dancehalls, parks, teahouses, and other public places to contact women prostitutes, after which they go to guesthouses or to underground brothels and whorehouses.

It is also a common occurrence for illegal elements from Hong Kong and Macao to come to China in the guise of foreign businessmen and tourists. These members of underground organizations abduct or entice young women in the interior to leave China and become prostitutes.

In China some professionals and purchasing agents of state-run enterprises and collective enterprises, some members of specialized households in rural areas, and some members of individual households in cities make use of their business and liaison activities and of their convenient conditions for purchasing goods to carry large amounts of money and engage in prostitution activities in other parts of the country.

Most of these men are married, and the great majority of them are between 25 and 40 years old. On the surface they lead a normal family life as husband and wife, but secretly they seek carnal pleasure. In particular, supply and marketing cooperative agents and members of individual households do not have a fixed economic income, and the other members of the family do not know what is going on, so they have enough money to supply their own brothel "flower expenses."

If the extramarital affair does not come to light, the couple live in peace. Once the affair is revealed, it frequently leads to a domestic tragedy; at the least serious being fights or wrangles and at the most serious being suicide. There are also the wives of a small number of brothel patrons who, although they know what is going

on, are forced by their subordinate position in the family to submit to the humiliation of their husbands' lewd behavior. There are also a small number of brothel patrons whose wives have been ill for a long time and cannot satisfy the "demands" of a sex life, and so the husbands go outside the home to contact prostitutes.

Because in some units in the highly mobile construction industry and fieldwork occupations, or in some units in industrial and mining enterprises, the political and ideological work is weak, control is not strict, discipline is lax, and the wages and bonuses of the staff and workers are fairly high, some weak-willed, mentally unhealthy staff and workers contract bad habits and consort with female prostitutes in brothels. [passage omitted]

Liu Zaifu Exposes Leftist Overseas Activities

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[Article by Liu Zaifu (0491 0375 1788): "In Cultural Matters Sinister Claws Extend to Overseas—Exposing the Ultraleftists in the Cultural Circles of Mainland China"]

[Text] Editor's Note: The present article exposes the ways in which those holding power in the cultural affairs of the mainland prevented in 1991 Liu Zaifu's trip to Japan to attend an academic meeting in memory of Lu Xun [7627 6598] (at that time Liu Zaifu still wore the badge of a member of the People's Political Consultative Conference), and how they, subsequently and quite recently, obstructed his attendance at the International Literature and Art Camp in Singapore. Liu Zaifu commented: "By publicizing these two incidents I wish to tell all my oriental and Western friends how the present Chinese literary scene is being controlled and devastated by a fiendish political clique. They trample underfoot the basic rights of thinkers and authors. I have travelled to the most remote corners of the earth, have lived away from publicity in the halls of academia thousands of miles away, and I have so far never published another word about politics for three, four years, but they still do not let go of me. They follow my tracks like wolves and extend their sinister claws to Japan, to Singapore, and to my neck. They are adamant in wanting to strangle me; they are adamant in preventing me from associating myself with authors who in 1989 had called out 'save the children [a Lu Xun quote].'" [end editor's note]

After I got out of China, I vowed several things to myself, and two things were my most serious vows: One was never to pursue anything beyond the borders of academic interests, never to join the activities of any kind of political group, and to maintain my distance from anything political. The other was to pay no attention to political attacks and to any major political criticism; never to have anything to do with low-class political creatures, so as not to besmirch my peaceful soul with the poison of their filthy names and utterances.

In looking back over the somewhat more than three years abroad, I feel that these vows of mine have not been mere empty words. To realize the first vow, I have purposely distanced myself from many friends whose interests were in politics. I may have been somewhat "unreasonable," but to preserve my own academic interests and creative frame of mind, I had no other choice. To realize the second vow, I paid no heed at all to the hundreds of articles in mainland publications criticizing me these last few years, to the rumors about me, to the slander, the vilifications, and vicious maligning utterances. Even confronted with something like Hou Minze's [0186 2404 3419] filthy article, or the poisonous article (under the pseudonym Lan Yan [5663 4291]) in the QIU SHI magazine, and the several articles—like the sounding off of dumb animals—under assumed names in the WENYI BAO, of which Chen Yong [7115 8673] was editor in chief, I maintained silence. They slandered me in all these articles, alleging that after having left China, I "was still unsettled in mind and was engaging in reckless anti-Chinese activities," for which crime they would have liked to sentence me to death. If I were to heed the accusations, I would have to produce a large array of Chinese and foreign witnesses, lay open my diaries, and also spend all my energy in my defense, to make it clear that when I was reading, studying, and lecturing in foreign academic institutions it has had nothing to do with "anti-Chinese activities." From this kind of a defense of something that would not warrant defending they would gain much mischievous pleasure and satisfaction. However, I know, the strategy of those low-class sinister creatures is the low-class tactic of "blackening" a man's reputation. This blackening is to keep the target for a long time in a state of anxiety, and as long as this anxiety persists, the target would be incapable of doing any useful work. It is this incapacity that is their real objective. It can strangle the enemy to death, and can also give them the satisfaction of an "achievement." That is why I preferred not to fall into that trap.

Today I have decided to temporarily break my vow and to reveal the new strategy that those low-class political creatures have adopted against me.

However, today I have decided to temporarily break my vow and to spend some time revealing a new kind of strategy which those low-class political creatures are adopting against me, as they try to use the pitiful power that is still in their hands to prevent me from attending academic and creative activities abroad, their purpose being to harass me to death and to muffle me permanently.

The first manifestation of these tactics occurred the year before last in Japan, and the latest occurrence was this year at Singapore. I have all along maintained silence about their dastardly action in Japan the year before last. Actually, their harassment has already become a big scandal in Japan and has made them forever a laughingstock.

In 1991, to commemorate the 110th birthday of Lu Xun, the Japanese organized a preparatory committee to prepare for a one-time memorial activity at Sendai, which was to include a cultural exhibition and academic reports, and they sent me officially a cordial invitation to participate in these activities. I am a student of Lu Xun, and since I had no reason to refuse, I agreed to participate. During the preparations, the Japanese sent someone to Beijing to arrange with the Ministry of Culture for the loan of cultural objects, which they wanted to borrow from the Lu Xun Museum in Beijing for transfer to Sendai. During the negotiations, a certain person by the name of He [6320], representing the Ministry of Culture, heard that the Japanese had invited me, and that caused a veritable storm to break loose. The then vice minister of the Ministry of Culture and the Chinese cultural attache in Japan, a person by the name of Zhang [4545], were instructed to do their utmost to prevent my going to Japan, and to make sure that the Japanese were induced to withdraw their invitation to me. Zhang immediately went to work to carry out this instruction and pressured the Japanese to that effect. Being most eager to establish his merit, Zhang, when trying to pressure the Japanese, merely enumerated all my crimes and in a somewhat incoherent speech was even unable to express himself sensibly. At the same time as Zhang fired off his attack, the man called He and his accomplices wrote a letter in the name of the State Culture Administration and the Lu Xun Museum to the Japanese preparatory committee for the Lu Xun memorial activities, saying: "Should you still invite Liu Zaifu to participate in these activities, scholars from China will find it impossible to attend the meeting, and it will be impossible to ship exhibits to Japan." (Date of letter was 25 July.) The implied meaning was that if Liu Zaifu takes part, the Chinese side would refuse any further cooperation with the Japanese, i.e., they would not send anyone else to attend the memorial activities and would also not lend cultural objects concerning Lu Xun. Thus, they not only held persons as hostages, but also held objects as pawns. However, their official letter only bore the seals of two different units, but did not show the signature of anyone as personally responsible. One could only draw the conclusion that the letter had come out of He's office, but there was no clue as to with whom specifically this matter could be discussed. However, under this mountainous pressure, the director of the general office of the preparatory committee for the memorial activities found himself in an extremely awkward position. He hesitated for a long time what to do, but finally acted out of consideration for the actual benefits to be gained, and wrote me an extremely sincere letter, withdrawing his invitation. That letter was most moving and emotion-stirring. He wrote asking me "don't blame me too hard in this instance" (his original words) and asked me to have an understanding of their, the Japanese side's, difficulties. He also said: "We have been very much intent on bringing about the present memorial activities, but have in the meantime met up with a thousand difficulties. If we don't act in accordance with the desires of the Chinese Ministry of Culture, the delegation of

significant personalities and the loan of cultural objects would become impossible." That means, if they would not heed the interference of Beijing's Ministry of Culture and uphold the invitation to me, it would become impossible to have an exhibition of cultural objects concerning Lu Xun at Sendai, and he was therefore asking for my understanding and forgiveness. However, he is also a person conscious of a country's academic dignity, and therefore added: "If we now obey the Ministry of Culture and still go on holding an academic symposium, calling it "academic" would actually be a sham, as it would turn out to be a rather rotten affair. It is a great ignominy that we ourselves allow political powers to ride roughshod over academic interests." After reading this letter, which manifests a painful conflict between interests and conscience, I immediately had to forgive and understand, and I prepared to express this in a letter. At that time, I heard that professor Li Oufan [2621 2962 2753] was so angry that he decided to show his resentment by not going to Sendai. Shortly after receiving this news about Professor Li Oufan, Professors Toramaru Ito and Noboru Maruyama sent me telegrams and letters, advising me that as soon as the "academic committee" within the memorial preparatory committee in Sendai (composed of famous professors from the various Japanese institutions of higher learning and headed by professor Kanehide Onoe) heard about the letter in which the general office of the preparatory committee withdrew the invitation to me, they, as a group, manifested their opposition by dissolving the "academic committee" that very day and by withdrawing altogether from the Sendai preparatory activities. They then decided to hold a separate academic forum at Tokyo University. The organization that was to prepare the memorial activities at Sendai split right through the middle, and the head of the general office of the preparatory committee took the blame and resigned. Moved and inspired by this spirit of academic morality and justice, as displayed by the Japanese professors, I proceeded to Tokyo and together with Li Oufan and other friends participated in the academic forum at Tokyo University, where I presented an academic report: "A Self-Examination of My Lu Xun Research." During the meeting, professors Li Oufan, Lin Yusheng [2651 3022 3932], and Cai Yuanhuang [5591 3293 3552] gave expression, through the medium of the BBC, to their righteous indignation over the domineering harassment in academic affairs by the Ministry of Culture.

The Ministry of Culture and the Writers' Federation can do many things, but they persist in wasting their time on dishonest machinations. Their entire thinking is directed toward destroying all who hold different views, so that they may establish a cultural hegemony of their own clique. This really invites the contempt of persons with breadth of vision in other countries, and fills with deep, deep sorrow those of us scholars who have always sincerely loved this old country of ours.

Ever since these things have happened, I have had qualms of conscience. It was in the end because of me

that so many honest Japanese scholars, highly interested in Chinese literature, had to suffer together with me the completely irrational political blackmail, which was physically and mentally so utterly irksome (some old professors in fact collapsed after the meeting). I deeply esteem the Japanese scholars as they ultimately protected academic dignity and academic morality and justice. However, I feel extremely ashamed when I think that this, my fervently beloved old country, in the end allows some low-class political creatures to manipulate the literary scene. They are extremely ambitious, but devoid of talent; they extend their grip so far, but their vision is so limited. Their entire thinking is directed toward eradicating all who hold different views; they don't understand anything else. They are devoid of morality and of capabilities. In cultural exchanges with other countries, all they can do is play a few tricks, contrive some small artifices, while they are emotionally impetuous and persist in having others submit to their demands. But then, when writing an official letter to another country no one dares sign as personally responsible, and when setting up their tyrannic domination they also don't dare leave any traces of their actions. When I, in my capacity as a student of Lu Xun, want to participate in some academic activity concerning Lu Xun, it is really a common affair. I may go or may as well not go, but here is our good old country making a big fuss about it and dragging in a lot of people. The acting minister of the Ministry of Culture, its deputy minister, the cultural attache (in Japan), the culture bureau, and the Lu Xun Museum, all got into the action, wasting that much time and energy to cope with me, with the intention of wiping me out in one stroke. Not to mention that "wiping out" is merely a kind of wishful thinking, even if it were successful, what good would it be for the reputation and cultural cause of our good old country. I know that even with all rapid economic progress, the foundation of our national economy is not at all strong, that there are still serious difficulties, especially in educational and cultural affairs, and that there are great imbalances in our social environment. There is much work that our Ministry of Culture and the Writers' Federation could do, but they persist in wasting their time on dishonest machinations. Their entire thinking is directed toward destroying all who hold different views so that they may establish a cultural hegemony of their own clique. This really invites the contempt of persons with breadth of vision in other countries, and fills with deep, deep sorrow those of us scholars who have always sincerely loved this our old country.

Even though highly placed, but intellectually low-class people like He Jingzhi [6320 2417 0037] have done really preposterous things, I have always reminded myself of the vows I had made, also because I have valued the time at my disposal, and have therefore never revealed the utterly absurd things they had done in Japan. I also wanted to avoid the trouble of involvements, and, of course, also wanted to preserve the reputation of the "Chinese literary circles" as a whole. However, a year and a half after that event, they have

again played the same trick, "adding new absurdity to past absurdity," when, in February of this year, they prevented me from going to Singapore.

After they heard of my invitation to Singapore, they were again utterly infuriated and frustrated. They immediately applied pressure on Singapore in exactly the same way as they had done in Japan.

The Singapore-based LIENHO PAO system holds a Chinese literature and art camp every two years. The person in charge of this activity had first invited me six years ago, but I was busy with academic matters and could not attend. In 1989, they invited me for a second time, together with my wife Fei Ya [5481 0068]. When we had completed all exit procedures, had also received our tickets, and were ready to go, the tragedy of the "4 June incident" occurred, and we again could not go. Last year, after I had been visiting professor at the Stockholm University in Sweden, Singapore officially invited me for the third time, expecting me to attend this year's literature and art camp in May, mentioning also that I may buy the air plane tickets or they could do that for me. I was much moved by their sincerity and kindness, which made me aware that not all people in the world have their eyes merely on where the power is. However, in the middle of February, I suddenly received their letter, saying that "due to unforeseen circumstances" they have no other way but to withdraw their invitation to me. And what has been their reason? Indeed it is the mischief and pressure from the same gang of people. Mindful of his disaster in Japan, that certain person by the name of He had ordered that this time strict secrecy should be maintained by Malaqinhu's [Mongol writer, 1930 -] Writers' Federation and other relevant departments. However, I well understand that it was they who in the end had again become infuriated and frustrated when they heard that Singapore had invited me. They immediately applied political pressure, and in doing so their tactics were exactly the same as the year before last in Japan, with only a slight difference in the pawns they used in their blackmail; they did not use material (cultural objects) as pawn, but humans (authors). When Singapore invited me, they had also invited the mainland authors Zhang Jie [1728 3381] and Zhang Xianliang [1728 6343 0081], so that finally the Malaqinhu's and other underlings of the certain person named He told Singapore, if they would allow Liu Zaifu to come to Singapore, the two Zhang's would not get permission to leave China. Under this pressure, involving the retention of hostages, the organizers of the Singapore literature and art camp were in the same indescribably painful position as the organizer of the Sendai Lu Xun memorial preparatory committee in 1991, i.e. a situation of conflict between benefits and conscience. However, remembering my past experience, I immediately informed Singapore that I would not go, and please not to feel embarrassed about it. What else could I say in this case where a country had already three times invited me, a country that had already procured visas and tickets for me and my wife, a country that had maintained a

continuous interest in me while I was drifting about in foreign countries? Should I willfully inflict more pain on them? Should they fight on my behalf for purely emotional reasons and thereby jeopardize their interests and their activity? I fully understand their position.

However, I felt I had to reveal this, simply had to let this event and also what had occurred in the Fall of 1991 in Japan be known to all my oriental and Western friends, and to all in the world who have preserved their moral sense: Today's literary scene on the mainland of China is being controlled and devastated by this kind of an evil clique. They trample underfoot the fundamental rights of thinkers and writers; they not only persecute writers on the mainland, but don't even let go of writers who are living in exile abroad. I have travelled to the remote corners of the world, have stayed at the University of Stockholm several thousand miles away from China, for three, four years, but have never uttered anything connected with politics. When I gave my first speech in English at the University of Colorado in the United States, in May of 1992, I was still supporting Deng Xiaoping's statement on his southern inspection tour. Even so, they are still not letting go of me, still pursuing my tracks like wolves. They extend their sinister claws to Japan, to Singapore, and to my neck. They persist on strangling me to death, they will not allow me and those writers who in 1989 cried out "save the children" to stay alive. Why do they hate that much the outcry "save the children"? Why do they go on following the tracks and hunting down people like this! What kind of spirit possesses them! What a dark scenario this is! What kind of a human world is this! This phenomenon of following the tracks of writers to foreign countries, trying to

strangle them, has never before occurred in the modern Chinese history of this century. Since its inception, the Chinese Writers' Federation has never before morally sunken so low as the present "Writers' Federation." It has now completely turned to following peoples' tracks, tailing people, slandering, and destroying the professional and factional organization. A writers' federation should protect the fundamental rights of writers and create conditions for the writers conducive to their writing poetry, essays, novels, and plays, and must not specialize in running detective teams, special criminal investigation teams, or engage in purging reactionary material, and in playing tricks on writers, harassing them, and hunting them down. No writer who has the least sense of honor will tolerate an organization like this.

Of course, I would also like to tell the "ultraleftists" who control the literary scene: You may be skilled in playing tricks, and also be effective in this respect, but there are limits to it (a Lu Xun quote). All your tricks cannot possibly impede my existence and development, and cannot possibly help you gain poetical or literary fame, or cultural hegemony forever. Even eating my flesh will not bring you eternal life. You can block my way to Singapore, but cannot block my way to a new realm—the way to the more lofty realm of the human spirit. The flight of the human spirit cannot be controlled by low-class social creatures. In future, I shall continue to observe my vows, maintain my contempt, not confront low-class social creatures, but since you have already followed me to my doorstep, I could not help revealing things, also to gain peace of mind. Now that my mind is at peace, I shall distance myself more and more from all those low-class political creatures.

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